UC SOUTHERN REGIONAL LIBRARY FACILITY
AA 000 729 620 5

Charles M. Thayer
Worcester
1908

UNIVERSITY
OF CALIFORNIA
LOS ANGELES

SCHOOL OF LAW
LIBRARY

Digitized by the Internet Archive
in 2008 with funding from
Microsoft Corporation

http://www.archive.org/details/treatiseonincorp00fros

A TREATISE

ON THE

INCORPORATION AND ORGANIZATION OF CORPORATIONS

A TREATISE

ON THE

INCORPORATION AND ORGANIZATION

OF

CORPORATIONS

CREATED UNDER THE "BUSINESS CORPORATION ACTS"
OF THE SEVERAL STATES AND TERRITORIES
OF THE UNITED STATES

INCLUDING THEREIN A SYNOPSIS-DIGEST OF THE GENERAL INCORPORATION ACTS OF THE SEVERAL COMMONWEALTHS, WITH DECISIONS BEARING THEREON; ALSO, FORMS FOR DRAWING CHARTERS UNDER THE LAWS OF THE SEVERAL STATES AND TERRITORIES; AMENDMENTS TO CHARTERS AND DISSOLUTION OF CORPORATIONS; GENERAL AND SPECIFIC OBJECT CLAUSES FOR INSERTION IN CHARTERS, BY-LAWS, MINUTES, ETC., ETC.

BY

THOMAS GOLD FROST, LL.D., PH.D.

OF THE NEW YORK BAR

AUTHOR OF "TREATISE ON GUARANTY INSURANCE," "THE FRENCH CONSTITUTION OF 1793," ETC.

THIRD EDITION
ENLARGED, AND REVISED TO JANUARY 1, 1908

BOSTON
LITTLE, BROWN, AND COMPANY
1908

Copyright, 1905, 1906, 1908,
By Little, Brown, and Company.

All rights reserved.

THE UNIVERSITY PRESS, CAMBRIDGE, U. S. A.

TO

JOHN B. BROWN, Esq.

OF THE ILLINOIS BAR

THIS WORK IS DEDICATED BY HIS FRIEND, COLLEGE CLASSMATE
AND FIRST LAW PARTNER

THE AUTHOR

PREFACE TO THE THIRD EDITION.

In offering a third revision of this work, the author feels justified in making the assertion that he has thereby fully satisfied the demand of the legal profession for a *complete* text-book on the Incorporation and Organization of Corporations. The very substantial increase in the size of the present volume over that of the earlier editions finds its explanation in the following statement:

Nearly one hundred additional pages have been added to the Synopsis-Digest of the Incorporation Acts of the several States, with a view to not only revising them up to January 1st, 1908, but at the same time enlarging the scope of the Digest itself.

Among the new features of the present edition will be found forms for amending charters, for dissolving corporations, and for securing permits for foreign corporations to transact business in any State of the Union. Finally some fifty additional miscellaneous forms have been added, which it is believed will add materially to the usefulness of the work.

THOMAS G. FROST.

76 William Street,
New York City, March 1st, 1908.

PREFACE

THE present work might with no inconsiderable degree of fitness have been entitled "A Treatise on Comparative Incorporation Law in the Several Commonwealths of the United States." Such a work if properly prepared should not fail to interest the active practitioner as well as the public at large. One of the greatest difficulties met with in the preparation of the volume here presented, has been to successfully condense the subject matter thereof without eliminating any matters of real importance. If, in place of the customary copious references so freely offered in support of principles of corporation law universally considered to be sound, the reader finds only a single citation, he may rest assured that careful investigation has satisfied the author that it represents the prevailing doctrine relative to the particular proposition in support of which it has been cited. This method, it is believed, will meet with favor at the hands of the profession for the following reasons:

The vast majority of the decisions of the courts of this country rendered prior to 1870, in so far as they relate to questions of corporation law, are for the most part a veritable legal "junk-shop" representing either what is now "horn-book law," or else overruled cases. Many of these contain enunciation of principles of corporation law the soundness of which no one in these days would venture to dispute, or else they represent propositions of law which are no longer regarded as sound. The corporation law of to-day, by engrafting into its subject matter accepted principles of agency and estoppel, has assumed a form which the corporation lawyer of fifty years ago would find great difficulty in recognizing.

In the preparation of this work utility and accuracy have been kept constantly in mind. The writer has made free use of certain exceptional facilities that have been open to him through his professional connections, including access to a large number of forms as well as a great deal of correspondence with state officials in the various commonwealths. The forms for drawing charters in the various states, while prepared by the author, have also been approved in every instance by competent attorneys who reside in the state under the laws of which the draft of the charter was made.

All of this has been, it is hoped, to the advantage of the profession and the public at large.

THOMAS GOLD FROST

76 William Street, New York City, N. Y.
December 1, 1904.

TABLE OF CONTENTS.

INTRODUCTION 1

PART I.

INCORPORATION AND ORGANIZATION OF CORPORATIONS.

CHAPTER I.

DRAFTING THE CHARTER.

		Page
§ 1.	General Remarks on Corporate Charters	9
§ 2.	Incorporators	12
§ 3.	Corporate Name	14
§ 4.	Corporate Purposes	15
§ 5.	Number of Corporate Purposes permitted	19
§ 6.	Collateral Attack upon Corporate Purposes and Powers	21
§ 7.	Effect of Inserting Illegal Purposes	28
§ 8.	Corporate Powers, Classification of	29
§ 9.	Common Law Powers, Definition of; Enumeration of	30
§ 10.	Right to a Corporate Name	31
§ 11.	Right of Perpetual Succession	31
§ 12.	Right to adopt and use a Corporate Seal	32
§ 13.	Power to acquire, hold, and dispose of Real and Personal Property	32
§ 14.	Power to appoint Corporate Officers and Agents	33
§ 15.	Power to establish By-Laws	33
§ 16.	Power to sue and be sued	34
§ 17.	Express Powers, Definition of; Enumeration of	34
§ 18.	Power of Corporations to purchase their own Stock	36
§ 19.	Power to subscribe for, purchase, and hold Stock in other Corporations	37
§ 20.	Power to consolidate with other Corporations	38
§ 21.	Power to transact all or any Part of the Corporate Business outside of the State of its Domicile	38
§ 22.	Power to perform Constituent Acts outside of the Domiciliary State	40
§ 23.	Power to extend Corporate Existence	40
§ 24.	Power to change the Corporate Name	41
§ 25.	Power to increase or decrease Capital Stock	41
§ 26.	Power to issue Preferred Stock	41

Page

§ 27. Power to change the Corporate Purposes 46
§ 28. Power to change Number of Directors 46
§ 29. Power to change the Corporate Domicile and Principal Place of Business 47
§ 30. Power to acquire and enforce a Lien upon Stock to secure the Payment of Debts Due the Corporation 47
§ 31. Power to levy Assessments against the Stockholders with the Right to forfeit their Stock for Non-payment thereof . . . 48
§ 32. Power to authorize Voting by Proxy at Stockholders' Meetings 49
§ 33. Power to permit Cumulative Voting in the Election of Directors 49
§ 34. Power to issue Stock as full paid in Exchange for Property or Services 49
§ 35. Power to dispose of Corporate Assets as an Entirety 51
§ 36. Power to voluntarily dissolve the Corporation without Recourse to the Courts 52
§ 37. Power to insert in the Charter Provisions for the Regulation of the Internal Affairs of the Corporation 53
§ 38. Power to authorize Directors to adopt By-Laws 55
§ 39. Power to authorize Appointment of Executive Committee from the Board of Directors 56
§ 40. Power to enlarge or diminish Corporate Powers 56
§ 41. Power to change Par Value of Shares 57
§ 42. Power of Bondholders to vote at Election of Directors 57
§ 43. Power to classify Directors 57
§ 44. Power to amend Articles before Organization 58
§ 45. Power to surrender Charter before Organization 58
§ 46. Power given to Minority Stockholders to compel Purchase of their Holdings upon Consolidation 58
§ 47. Incidental Powers, Definition and Enumeration of 59
§ 48. Power to make Contracts 60
§ 49. Power to borrow Money 60
§ 50. Power to give and accept Customary Evidences of Debt . . . 60
§ 51. Power to mortgage and pledge Real and Personal Property . . 60
§ 52. Power of Amotion 60
§ 53. The Modern Doctrine of Ultra Vires 61
§ 54. Corporate Domicile 65
§ 55. Board of Management 67
§ 56. Capital Stock 67
§ 57. Limitations upon Amount of Capital Stock 69
§ 58. Par Value of Capital Stock 70
§ 59. Amount of Stock Subscriptions 70
§ 60. Amount of Stock paid in 72
§ 61. Amount of Stock with which a Corporation may begin Business 73
§ 62. Duration of Corporate Existence 73
§ 63. Date of Annual Meeting 74
§ 64. Limitation upon Corporate Indebtedness 74
§ 65. Exemption of Stockholders from Personal Liability 75
§ 66. Adoption of By-Laws by Directors 75
§ 67. Provisions for the Regulation of the Internal Affairs of the Corporation 76

Page

§ 68. Miscellaneous Provisions relative to Contents of Articles of Incorporation 76
§ 69. Construction of Charter 77

CHAPTER II.

PROCURING THE CHARTER.

§ 70. Signing the Articles 79
§ 71. Acknowledgment of Execution of Articles 79
§ 72. Publication of Articles 80
§ 73. Affidavit as to Stock Subscriptions 81
§ 74. Anti-Trust Affidavit 81
§ 75. Special Requirements in Particular States 81
§ 76. Powers of State Officials relative to accepting or rejecting Articles 82
§ 77. Right to Mandamus State Officials for refusing to file Articles . 84
§ 78. Organization Tax 84
§ 79. Form in which Charter is granted 86
§ 80. Filing and recording in Local County Offices 86
§ 81. Distinction between *de jure* and *de facto* Corporations 87
§ 82. Right of Parties other than the State to collaterally impeach Corporate Existence 88
§ 83. Right of State to attack Corporate Existence in Direct Proceedings 90
§ 84. When does Corporate Existence commence? 92

CHAPTER III.

ORGANIZATION OF CORPORATIONS AFTER INCORPORATION.

§ 85. The Incorporators' Organization Meeting 95
§ 86. Organization Meeting, how called 96
§ 87. Organization Meeting, where held 96
§ 88. Steps Necessary to complete Organization 98
§ 89. Adoption of By-Laws 99
§ 90. Election of Directors 100
§ 91. Power to hold Meetings for the Election of Directors without the Domiciliary State 104
§ 92. Voting by Proxy 104
§ 93. First Directors' Meeting 105
§ 94. Election of Corporate Officers 107
§ 95. Appointment of Executive Committee 107
§ 96. Stock Assessments 108
§ 97. Certificates required to be made by Officers or Directors after Organization 109
§ 98. Time in which Corporation must organize and commence Business 109
§ 99. Stock Certificates 110

CHAPTER IV.

ISSUANCE AND PAYMENT OF CAPITAL STOCK.

		Page
§ 100.	General Remarks as to the Issuance and Payment of Capital Stock upon the Organization of a Corporation	112
§ 101.	Manner of Payment of Capital Stock	113
§ 102.	Payment of Capital Stock in Services	120
§ 103.	Payment of Capital Stock in Property	120
§ 104.	Statement of True Value Rule	122
§ 105.	Statement of Good Faith Rule	123
§ 106.	Statement of "Speculative Value Rule"	125
§ 107.	Effect of Appraisal of Property by Directors under Statutory Authority, when taken in Exchange for Stock	137
§ 108.	Effect of Appraisal of Value of Property by State Officials when the same is taken by Corporations in Exchange for their Capital Stock	139
§ 109.	Meaning of Non-Assessable Stock	141
§ 110.	Meaning of Full-Paid Stock	142

CHAPTER V.

LEGISLATIVE CONTROL OVER DOMESTIC CORPORATIONS.

§ 111.	Statement of Principal Methods by which Legislative Control over Domestic Corporations is obtained	145
§ 112.	Amendment of Charters	145
§ 113.	Reserved Right of the State to repeal Charters	153
§ 114.	Legislative Control over Dissolution of Corporations	154
§ 115.	Forfeiture of Charters	157
§ 116.	The Police Power of the State	160
§ 117.	Legislative Investigation into Corporate Affairs	164
§ 118.	Legislative Requirement of Annual Reports from Corporations	164
§ 119.	Inspection of Corporate Books	165
§ 120.	Anti-Trust Legislation	167
§ 121.	Regulation of Internal Affairs	168
§ 122.	Liability of Stockholders for Debts of the Corporation	169
§ 123.	Statutory Liability of Directors	174
§ 124.	Extension of Corporate Existence	176
§ 125.	Taxation of Domestic Corporations	177
§ 126.	Regulation of the Right of the Consolidation	178

CHAPTER VI.

LEGISLATIVE CONTROL OVER FOREIGN CORPORATIONS.

§ 127.	Extent of Legislative Power of the various Commonwealths over Foreign Corporations	180
§ 128.	Doctrine of State Comity	184
§ 129.	What constitutes doing Business on the Part of a Foreign Corporation within the State	190

Page

§ 130. Penalty for transacting Business in a Foreign State without obtaining a Permit 195
§ 131. License Tax on Foreign Corporations 198
§ 132. Annual License Tax on Foreign Corporations 199
§ 133. To what Extent is the Taxing Power of the State with reference to Domestic and Foreign Corporations engaged in Interstate Commerce limited by the "Commerce Clause" of the Federal Constitution? 202

PART II.

SYNOPSIS-DIGEST OF THE INCORPORATION ACTS OF THE SEVERAL STATES AND TERRITORIES OF THE UNITED STATES 211–560

PART III.

FORMS AND PRECEDENTS.

Specific Object Clauses 561–600
General Object Clauses for Insertion in Charters 601–602
Clauses Regulating Business, etc. 603–611
Preferred Stock Clauses 611–612
Forms for Drawing Charters in all the States and Territories . . 613–681
Foreign Corporations
(A) Forms for securing Permits to Transact Business as a Foreign Corporation in the Several States and Territories 682–686
(B) Special Forms for Particular States 687–741
Forms for Amendments to Charters 742–763
Dissolution of Corporations 764–774
Composite Form of Minutes 774–777
Waiver of Notice of Meeting of Incorporators 778
Composite Form of By-Laws 779–784
Minutes of the First Meeting of Directors 785–786
Waiver of Notice, First Meeting of Board of Directors 789
By-Laws of United States Steel Corporation 789–797
Miscellaneous Forms and Precedents 797–860
Suggestions relative to the Drafting of Charters and the Preparation of Minutes for the Organization Meetings of Corporations . . 861–863
Table of Organization Taxes for all the States and Territories . . 865
Table of Annual Franchise Taxes for all the States and Territories 866
Table of Taxes imposed on Foreign Corporations 868–869

General Index 871–893
Index to Synopsis-Digest of the Incorporation Acts of the Several States and Territories 895
Index to Precedents 897–909

A TREATISE

ON THE

INCORPORATION AND ORGANIZATION OF CORPORATIONS.

INTRODUCTION.

THE development of the modern business corporation act has been most curious and interesting. Previous to the year 1837 charters could be procured only by special act of the legislature. In that year the legislature of Connecticut passed the first business corporation act that went into force and effect in the United States. It was drawn by Theodore Hinsdale, of Winchester, Connecticut, a Yale graduate of the class of 1821. As this act forms the basic work of most of the business corporation acts of to-day, it deserves more than passing notice. It was drafted for the purpose of permitting incorporation thereunder of companies for the purpose of carrying on a manufacturing, mechanical, mining, and quarrying business. The statutory powers of corporations incorporated thereunder were enumerated as follows: To sue and be sued, to have a common seal, to elect officers, to fix their compensation and duties, to establish by-laws, to employ agents, mechanics, and laborers. Incorporation was limited to one purpose, to be distinctly and definitely set forth in the articles of agreement which were required to be signed by all the incorporators. A board of directors was provided for; also a president, secretary, and treasurer. Power was given to the corporation to forfeit stock of stockholders for non-payment of stock subscriptions. The corporation also had a lien upon the stock of its members for debts. After the articles were signed and the corporation organized and the articles of association published,

the officers were required to make and file with the Secretary of State (and a duplicate thereof with the town clerk of the town where the corporation was to transact its business) a certificate setting forth, (1) the purpose of the corporation; (2) the amount of its capital stock; (3) the names of stockholders and the number of shares held by each. Annual reports were made obligatory. Stockholders were made liable for all capital refunded to them, and made personally liable for the declaration of illegal dividends.

The passage as well as the operation of the first Connecticut act was watched closely by the legislative bodies of the neighboring States, with the result that by 1850 there were in the neighborhood of a score of general business corporation acts in force and effect in various parts of the country modelled with some few exceptions closely after the Connecticut act above referred to. The operation of these general acts was so satisfactory that a new element appeared in the passage by various States of constitutional amendments forbidding absolutely the creation of private corporations for purposes of profit by special act of the legislature. This has been continued until at the present time special charters cannot be procured save in seven of the Commonwealths.

The next development is to be noted along the line of enlargement of corporate purposes and powers. Gradually the restriction of the earlier incorporation acts limiting the right and benefits thereof to those desiring to incorporate companies for manufacturing and mining purposes was removed so as to permit practically of incorporation for any lawful purpose. At the same time there came a demand on the part of prospective incorporators for greater powers than were permitted at common law, —such, for example, as the right to perform constituent acts outside of the domiciliary State, to hold stock and bonds in other corporations, and to amend their charters unrestrictively. In this way there came to be found in many of the corporation acts a large number of extraordinary powers which were not recognized at common law. This served to greatly popularize the corporate form of organization as compared with individual, partnership, or joint stock company enterprises. The result which followed was natural. The several State legislatures proceeded one after the other to enact statutes compelling incorporators when organizing

corporations to pay a license tax graduated according to the capitalization of the corporation. In this way certain States — notably New Jersey, New York, Delaware, West Virginia, and Maine — have secured a very large revenue — all to the satisfaction of the average tax-payer.

It is characteristic of State legislatures that they never fail to take advantage of an opportunity to relieve a majority of voters from the burdens of taxation at the expense of a few. Doubtless it was with this laudatory purpose in mind that they next proceeded to enact statutes requiring corporations to pay an annual license tax based upon either their authorized capitalization, the amount of capital invested in the State, or the amount of dividends paid annually to stockholders. The success of a few States in securing large revenues from both organization and license taxes resulted in legislative action in other States taken with a view to securing a proper share of the incorporation business, which had hitherto enured to the benefit of two or three favored Commonwealths. This may be properly described as the era of the "tramp corporation." That is, it was about this time that there appeared a well-defined tendency on the part of incorporators to go outside of the State of their residence for a charter under which they planned to do business exclusively in some foreign State. The result has been that incorporators have gradually accustomed themselves to going for their charters to those States which are commonly known as leading incorporating States. In this group will be found at the present time New Jersey, New York, Delaware, West Virginia, South Dakota, Maine, Nevada, Arizona, Connecticut, District of Columbia, Virginia, Oklahoma, North Carolina, and Alabama.

Speaking in general terms, it may be said that a great majority of the business corporation acts in force in this country to-day are sadly in need of revision. Thus, for example, the incorporation acts of Iowa, Nebraska, New Hampshire, Vermont, Rhode Island, Arizona, Mississippi, and the District of Columbia are more or less crude in construction, and lack many of the essentials of complete and satisfactory acts. The incorporation laws of Georgia, Pennsylvania, and Maryland are veritable "legal antiques," and would bear revision without any injury whatever to the best interests of those Commonwealths. The incorporation acts of Indiana, Minnesota, Tennessee, Pennsylvania, and Louisiana are

so involved as to lead to almost certain confusion when an attempt is made to take advantage of their provisions.

In regard to the attitude taken by the legislatures of the several States in the framing of these General Acts, attention is called to some remarks of the Committee on Corporations addressed to the legislature of Massachusetts in 1903, which were as follows:

"The history of corporations, as well as the logic of the case, shows that there are possible two general theories as to the State's duties in creating corporations. First, the old theory that being creatures of the State, they should be guaranteed by it to the public in all particulars of responsibility and management; and the modern, quite opposite theory that, in the absence of fraud in its creation or government, an ordinary business corporation should be allowed to do anything that an individual can do. Under the old theory the capital stock of a corporation was, in the law, considered to be a guarantee fund for the payment of creditors as well as affording a method of corporate enterprise. There resulted from this principle not only the fundamental proposition that the capital stock, being in the nature of a guarantee fund, should be paid for at its par value in actual cash, but all the other provisions to protect creditors or other persons having dealings with the corporation, such as that the debts of a corporation should not exceed its capital stock, designed primarily in the interest of creditors, and secondarily in that of the stockholders, who are looked after as carefully as if they were wards of the State when dealing in corporation matters. Under the modern theory, the State owes no duty to persons who may choose to deal with corporations to look after the solvency of such artificial bodies; nor to the stockholders to protect them from the consequences of going into such concerns, the idea being that in the case of ordinary business corporations the State's duty ends in providing clearly that creditors and stockholders shall be at all times precisely informed of all the facts attending both the organization and the management of such corporations, and particularly that there shall be full publicity given to all details of the original organization thereof."

It may be of some practical value at this point to inquire briefly what are the advantages of conducting business under corporate management rather than as an individual or a copartnership enterprise. These advantages may be enumerated as follows:

First, Immunity from individual liability for debts arising out of the conduct of the business.

Second, The securing of the element of perpetuity for the life of the enterprise in hand, so that the death of any of the parties interested does not interfere with the conduct of the business.

Third, The good-will and prestige of the business is not then the property of an individual, but belongs to the corporation.

Fourth, The ease with which capital is obtained for the use of the business through the sale of stock, thus doing away with the danger or necessity of admitting general or special partners into the concern.

Fifth, The facility with which money can be obtained by the sale of bonds or preferred stock.

Sixth, The ease with which individual interests in a business may be sold or transferred, without the necessity of obtaining the consent of a third party to the sale.

Seventh, The removal of the danger of being ruined through the dishonesty or extravagance of a partner.

Eighth, The small expense connected with the incorporation of an enterprise.

Ninth, The wide and far reaching extension of the powers of a corporation as compared with that of individuals and copartners.

But the advantages of corporate management being stated, the question then arises: Where should the business man of to-day go to procure a charter for the enterprise he may have in hand? With forty-five States, five Territories, and the District of Columbia all offering facilities for incorporation, the task of selection therefrom is by no means an easy one. Where the capitalization is small or the corporate purposes simple, it is sometimes, though not always, best to procure a charter from the State where the principal prospective incorporators reside or where they propose to carry on the company's business. On the other hand, if the capitalization is to be sought in other localities, the proposed corporate business interstate in character, or the prospective capitalization large, and the corporate purposes sought for broad in character, then it may be of great advantage to procure a charter in some outside State. Under such circumstances recourse is usually had to what are recognized as the leading incorporating States already referred to.

But to go further, it may be stated that a proper investigation into the question as to where to look for a charter best suited to the immediate purposes of the proposed corporation must necessa-

rily entail an investigation among many others into the following matters:

1. Nature of the business corporation act of the State wherein it is proposed to incorporate.

2. Policy of such States towards corporations, domestic and foreign.

3. Publicity required as to the condition of corporations organized under the laws of that particular State.

4. Extent of legislative control over private corporations.

5. Nature of corporate powers desired.

6. Initial expense.

7. Amount of annual franchise tax, if any.

8. Amount of capitalization permitted, and the par value of shares allowed.

9. Time within which the capital stock must be paid up.

10. Question as to whether stockholders' and directors' meetings must be held within the State in which the charter is procured.

11. Question as to whether the principal office of the corporation may be maintained outside of the State of its organization.

12. Ascertainment of the question as to whether stock can be legally issued for property or services instead of for cash.

13. Inquiry as to what extent the appraisal of the board of directors of the property or services paid for by the issuance of stock is conclusive upon the creditors of the corporation seeking, in case of insolvency, to enforce an alleged liability for unpaid stock.

14. Power to issue preferred stock.

15. Par value of the corporate shares desired.

16. Power to create debts.

17. Ease or difficulty with which the charter may be amended.

18. Amount of stockholders' liability, if any.

19. Extent of directors' liability, if any.

20. Ease or difficulty with which the corporation may be dissolved.

21. Nature of the laws of the various States with reference to the terms and conditions under which foreign corporations may do business therein.

Each of the foregoing questions has its proper bearing when it comes to deciding where to go for a charter for some particular business enterprise which it is proposed to prosecute under the form of corporate organization.

A discussion of each of these matters will be found in Part I. of the present treatise.

Turning now to the character of the business corporation acts passed by the legislatures of the various States and Territories, it will be apparent to all that many of them are "wonderfully and fearfully made."

If one were to attempt to characterize and compare the various incorporation acts of the several States and Territories, it would be found a task of great difficulty, for the reason that it is almost impossible to find a logical basis for classification. Any number of arbitrary classifications might be adopted, but these would be of no value to either the practitioner or the public at large. Whatever attempt may be made here along this line must be based solely upon the most general lines of similarity of the incorporation acts of various States. As a preliminary to this, it has been noted that certain States and Territories are known and recognized as "leading incorporating States." The ones to which reference is made are New Jersey, New York, Delaware, West Virginia, Maine, South Dakota, Connecticut, Massachusetts, Arizona, Nevada, District of Columbia, and Virginia. The great majority of charters taken out annually in this country are procured in the foregoing enumerated States and Territories.

By many the New Jersey act is considered to be a model of what a business corporation act should be. This fact, coupled with the large revenue secured by the State of New Jersey through this medium, has resulted in the passage in other States of statutes modelled more or less closely after the New Jersey act. This fact prompts the first classification that will be attempted here, which will be termed the "New Jersey Class." Within the limits thereof may be properly included not only New Jersey, but New York, Delaware, West Virginia, Alabama, Nevada, North Carolina, New Mexico, and Virginia as well.

Another classification would embrace a large number of Western States and Territories, which to a greater or less extent have modelled their corporation acts along the same general lines as that of California. This class may properly be referred to as the "California Class," and included therein will be found Colorado, North Dakota, South Dakota, Oklahoma, Idaho, Montana, Oregon, Washington, Utah, Wyoming, Texas, and Arizona.

Another group will be known as the "Maine Group," for the reason that the plan has been therein adopted of having the corporation organized before a certificate of incorporation or organization is filed with or issued by the State officials. In this class belong Maine, Massachusetts, Connecticut, Illinois, Missouri, Arkansas, and Indian Territory.

Iowa and Nebraska have acts very closely resembling each other, and may be grouped as the "Iowa Class." In another group, which we shall call the "Pennsylvania Class," are to be found Pennsylvania, South Carolina, Florida, Mississippi, and Kansas. The distinguishing feature of this class is that the incorporation scheme adopted embraces a petition for incorporation by the incorporators addressed to State officials, to be followed by the filing of a certificate of incorporation if the petition is favorably acted upon.

Another group may be known as the "Kentucky Group," in which belong Kentucky, Ohio, New Hampshire, Rhode Island, and Vermont. The resemblance here, it must be admitted, is more fancied than real, and probably does not depend upon any actual intent to copy the first Kentucky act. In the "Michigan Class" are to be found Michigan, Wisconsin, and Minnesota, all of which possess acts resembling each other in certain features. It is impossible to place Georgia, Indiana, Louisiana, Maryland, and Tennessee in any specified class. They all possess inadequate and certainly unique business corporation acts, which are not likely to be copied by any other State in this day and generation.

PART I.

INCORPORATION AND ORGANIZATION OF CORPORATIONS.

CHAPTER I.

DRAFTING THE CHARTER.

§ 1. **General Remarks on Corporate Charters.** — Incorporation is a form of expression of the sovereign political power of the State in the creation of a juristic person possessing such limited powers as may be granted to it by the legislative branch of our State or national government. The growth of the corporate form of organization affords an example of the rapid evolution from a somewhat circumscribed beginning to proportions that can only be described in this age of industrial trusts and combinations as colossal in character. Even the courts have not infrequently called attention to the modern disposition to incorporate everything.[1]

Much of this is due no doubt to the passage by the various State legislatures of what are commonly known as "business corporation acts." The phrase "business corporation," in this connection, is a broad term, and includes all corporations engaged in business for profit, as distinguished from municipal and eleemosynary corporations.[2] The creation of corporations organized for profit by special act is now forbidden by constitutional provision in all but seven of the States.[3] The existence throughout the country of general incorporation acts has fully reversed the old policy of granting exclusive privileges of any kind to corporations.[4]

[1] See *In re* Italian Mut. Ben. Ass'n, 4 Pa. Dis. Rep. 357.

[2] Adams *v.* Company, Fed. Cases No. 47.

[3] Connecticut, Florida, Massachusetts, New Hampshire, Rhode Island, South Carolina, and Vermont.

[4] People *v.* Company, 130 Ill. 268; 2 N. E. 798.

The purpose of restricting the power to create corporations by special act has been well set forth as follows: "To inaugurate the policy of placing corporations of the same kind upon a perfect equality as to all future grants and powers by making such laws applicable to all parts of the State and thereby securing the vigilance and attention of its whole representation, and, finally, of making the judicial construction of their powers or the restrictions imposed upon them equally applicable to all corporations of the same class." [1]

It is universally recognized in this country that legislative authority is essential to the creation of a corporation.[2] Incorporators cannot come together and agree to become a corporation without conforming to legislative requirements.[3] It has been well said "that there is an obvious reason for making such organization by written articles of agreement a condition precedent to the exercise of corporate rights. It is the basis upon which all subsequent proceedings are to rest, and is designed to take the place of a charter or act of incorporation by which corporate rights and privileges are usually granted. If there were no such provisions, there would be an absence of any provision by which the right to exercise corporate powers could be definitely fixed and established, and there would be no means of ascertaining the rights of stockholders and of persons dealing with such association." [4]

The charter of a company together with the general laws of the State of its creation, enumerating and limiting the powers of all corporations of that class, constitutes the measure of its powers, and the enumeration thereof implies the exclusion of all other powers except such as are incidentally or necessarily implied.[5]

The instrument by which corporations are created is known by different names in various parts of the country. The term "charter" is a word which has descended to us from the common law existing in England long before the United States became a nation. It originally referred to the specific grant of certain privileges running from the sovereign to a subject. Subsequently it was applied in this country to a specific act of the legislature

[1] Atkinson *v.* Company, 15 O. St. 21; see also *Ex parte* Pritz, 9 Ia. 30.

[2] McKim *v.* Odom, 8 Bland's Chancery (Md.), 407.

[3] Stowe *v.* Flagg, 72 Ill. 397.

[4] Utley *v.* Union Tool Co., 11 Gray (Mass.), 139.

[5] G. L. & H. I. Co. *v.* Kamper, 73 Ala. 325; Steiner *v.* Steiner L. & L. Co. (Ala.), 26 So. 494; Salt Co. *v.* East Saginaw, 13 Wall. (U. S.) 378.

creating a corporation with distinct and exclusive purposes and powers. With the advent of the passage of general business corporation acts in this country, the word "charter" has been replaced by such terms as "articles of incorporation," "articles of association," "certificate of incorporation," "certificate of organization," and "petition for incorporation." It goes without saying that under the Business Corporation Acts referred to there must be articles of some sort properly executed.[1]

It has been said that the essence of a corporation consists, first, in its capacity to have perpetual succession under a special name and in an artificial form; second, to take and grant property and contract obligations, sue and be sued by its corporate name as an individual; and third, to receive and enjoy corporate privileges and immunities. The first two are the privileges of the incorporators, and the third is the franchise of the corporation.[2]

As far back as 1612 Lord Coke enumerated the essentials of a corporate charter as follows: (1) lawful authority for incorporation; (2) persons to be incorporated; (3) corporate name; (4) domicile; (5) words sufficient in law enumerating the purposes and powers of the corporation. All of these essentials and many more, which by statute are made essentials, are to be found in the business corporation acts of to-day.

Referring now briefly to those matters which are by statute in this country made necessary parts of articles of incorporation, the following may be said: with the exception of Arkansas, Georgia, Indian Territory, Maine, Massachusetts, Mississippi, New Hampshire, Ohio, Oregon, Rhode Island, South Carolina, Tennessee, and Vermont, all have incorporation acts requiring that the duration of corporate existence shall be set forth in the articles of incorporation.

Again, all but New Hampshire and Tennessee require a statement as to the number and par value of shares. More than half the States prescribe that the names of the first or temporary board of directors shall be inserted in the articles, while most of the remaining States require that the number of directors only shall be inserted. Fully half the States authorize the insertion in the articles of provisions for the issuance of preferred stock. A few of the Commonwealths require that the articles

[1] Abbott *v.* Company, 4 Neb. 416; Lusk *v.* Riggs (Neb.), 97 N. W. 1033; 24 N. E. 532. Childs *v.* Smith, 55 Barb. (N. Y.) 45.

[2] Snell *v.* City of Chicago, 133 Ill. 413;

shall contain a statement as to the amount of stock subscriptions, the amount of capital stock paid in, and the amount of capital with which the corporation will begin business. Alaska, Arizona, Delaware, Louisiana, Iowa, Minnesota, Nebraska, and Utah require that the date of the annual meeting shall appear in the articles. Alabama, Connecticut, Delaware, Maryland, Massachusetts, Nevada, New Jersey, New York, North Carolina, South Carolina, Utah, Virginia, West Virginia, and Wisconsin expressly authorize the insertion in the articles of provisions for the regulation of the internal affairs of the corporation. If it is desired to protect stockholders from personal liability for corporate debts, there must be inserted in the articles of incorporation of companies organized under the laws of Arizona, Delaware, Iowa, Kentucky, and Utah provision specifically exempting stockholders from such liability.

And so the enumeration might be continued almost indefinitely of special provisions required in particular States in connection with the incorporation of corporate enterprises.

Finally, attention is called to the various steps necessary to create a corporation under the modern business corporation acts, qualified in every respect to carry out the purposes for which it is formed. These steps may be enumerated as follows: (1) the drafting of the articles of incorporation; (2) the signing of the articles by the requisite number of incorporators, and acknowledgment of the same before an officer duly authorized to take such acknowledgments; (3) filing and recording the articles with the proper State and county officials after payment of the requisite organization tax and filing and recording fees; (4) organization of the corporation ready for the transaction of business; (5) securing the necessary permit from State officials (if any is required) to transact business within the domiciliary State.[1]

§ 2. **Incorporators.** — An incorporator is one of the constituents of a corporation, who by petition or by means of the execution of articles of incorporation invokes the exercise of the supreme political power of the State in the creation of a corporation for the benefit of himself and associates and their successors in interest.[2]

The words "corporator" and "incorporator" have essentially

[1] See Carmody *v.* Powers, 60 Mich. 26; 26 N. W. 80.

[2] *In re* Lady Bryan Co., 1 Saw. 349; E. & N. Y. C. R. R. Co. *v.* Owen, 32 Barb. (N. Y.) 616.

the same meaning. The qualifications of incorporators vary with the State from which the charter is sought. The usual number of incorporators required by the various acts varies from one to five. In Iowa and Nebraska one person may incorporate.[1] Residential requirements on the part of incorporators exist in Alaska, California, Idaho, Kansas, Maryland, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Texas, Utah, and Wisconsin. Failure to state residence of incorporators in articles is, however, not fatal to corporate existence.[4]

The general rule is that citizenship is not necessary unless specifically required by the statute of incorporators.[5] It has been said that in the absence of statute providing otherwise incorporators must be stockholders.[6] The rule, however, appears to be otherwise in Oregon, Pennsylvania, South Dakota, Texas, Tennessee, and Georgia.[7] In a majority of the States, however, statutes expressly prescribe that incorporators must be subscribers for at least one share of the capital stock of the proposed corporation.

If married women are under no disabilities, they may act as incorporators.[8] Aliens may be incorporators if statute does not provide otherwise.[9]

Some of the States expressly limit the right to become incorporators to natural persons. However, where no such express limitation exists, there is no question but what the word "person," when used in the statute limiting such matters, would not permit corporations to act as incorporators.[10]

The rule seems to be that incorporators must be of full age.[11] Incorporators must also be known persons.[12] The modern rule

[1] P. B. Corporation *v.* Lamson, 16 Me. 224; Ulmer *v.* Company, 98 Me. 579; 57 Atl. 1001.

[4] State *v.* Foulkes, 94 Ind. 493; see also Halbert *v.* Association (Tex. Civ. App.), 34 S. W. 636.

[5] M. N. F. Co. *v.* Baumbach, 32 Fed. 205; A. S. Co. *v.* Heidenheimer, 80 Tex. 344; 15 S. W. 1038.

[6] Gulliver *v.* Roelle, 100 Ill. 141; Byronville Creamery Ass'n *v.* Ivers (Minn.), 100 N. W. 387; Chase *v.* Lord, 77 N. Y. 11; Medler *v.* Company, 6 N. Mex. 331.

[7] Coyote, etc. Co. *v.* Ruble, 8 Ore. 284; Densmore Oil Co. *v.* Densmore, 64 Pa. St. 43; Singer Mfg. Co. *v.* Peck, 9 S. D. 29; 67 N. W. 947; Ramsey *v.* Tod, 95 Tex. 614; 69 S. W. 133; Byrnes *v.* Beck, 10 Ga. 121; B. B. & T. Co. *v.* J. B. T. Co., 101 Tenn. 545; 48 S. W. 228; Wechselberg *v.* Bank, 64 Fed. 90.

[8] *In re* application for charter, 27 Weekly Notes of Cases (Pa.), 399; *In re* Century Club, 27 W. N. C. (Pa.) 399.

[9] Lamar *v.* Browne, 92 U. S. 187; 23 Law. Ed. 650.

[10] C. R. Co. *v.* P. R. Co., 31 N. J. Eq. 475; Insurance Co. *v.* N. H. P. Co, 37 La. An. 233.

[11] Matter of Globe, etc. Ass'n, 135 N. Y. 280; 32 N. E. 122; H. F. Road Co. *v.* Townsend, 13 Ont. Ap. Rep. 534.

[12] C. R. R. of N. J. *v.* P. R. R. Co., 31 N. J. Eq. 475.

seems to be that incorporators are merely conduits for the purpose of organization for the benefit of future stockholders.[1] Under this rule there can be no valid legal question raised at this day as to the legality of the use of what are commonly known as "dummy incorporators" in the organization of corporations.[2]

§ 3. **Corporate Name.** — Every corporation, like an individual, must have a name under which its business must be carried on. It has been said "that the name goes to the very being of the creation, the knot of the combination, without which corporations could not do their corporate acts, without which it is unable to implead and be impleaded, to take any action until it hath gotten a name."[3] The word "company," which is usually a part of the corporate name, does not necessarily imply a corporation.[4] In Alabama, Colorado, Connecticut, Delaware, Kansas, Kentucky, Missouri, North Carolina, and Virginia statutes exist which provide that the corporate name must end with some such word as "association," "company," "corporation," "club," "society," "syndicate," or "limited."[5]

In a number of the States corporations upon organization are forbidden to take the same name as that of an existing domestic corporation, or one so similar as to be calculated to deceive or cause confusion.[6] Some few of the States go still further and forbid the use of the name of any foreign corporation by newly created domestic corporations, provided the former has secured a permit to do business in the State. The States here referred to are Connecticut, Delaware, Kentucky, Massachusetts, New York, Utah, Virginia, and West Virginia. In the absence of such statute there is ordinarily no restriction on the right to take the corporate name of a foreign corporation.[7]

The corporate name is the property of the corporation, and equity will protect the corporation in any jurisdiction from the

[1] Densmore Oil Co. *v.* Densmore, 64 Pa. St. 43.

[2] Salamon *v.* Salamon Co. (House of Lords Cases), 45 Weekly Rep. 193; 75 Law Times Rep. 426. But see Louisville Banking Co. *v.* Eisenman, 94 Ky. 83; 21 S. W. 531, 1049; Tillyer *v.* Hero Jar Co., 17 Phil. (Pa.) 153.

[3] Smith *v.* Plank Road, 30 Ala. 650; Hazelton Boiler Co. *v.* Company, 137 Ill. 231; 28 N. E. 248.

[4] Clarke *v.* Insurance Co., 7 Mo. App. 77.

[5] On use of word "limited" see Sparks *v.* Company, 3 Idaho, 306; 29 Pac. 134.

[6] See State *v.* McGrath, 75 Mo. 424.

[7] L. V. C. Co. *v.* Hamblen, 23 Fed. 225; G. I. R. G. M. Co. *v.* G. R. Co., 128 U. S. 598; 9 S. Ct. 166; People *v.* H. L. Sus. Co., 111 Mich. 405; 69 N. W. 653.

fraudulent use of another name so like it as to deceive the public and rob it of its business.[1] The mere fact that the corporation against whom a restraining order is asked for has secured a charter in that particular State while the complaining corporation has never been incorporated there or even procured a permit to do business there, will not in most jurisdictions prevent the granting of such relief.[2]

Where statutes exist, such as have been referred to, forbidding the use of similar corporate names, while the attitude of the Secretary of State in such cases with respect to the issuance of a certificate of incorporation is ministerial, yet he has reasonable discretion in the matter and cannot be mandamused when exercising such discretion.[3] In protecting the use of a corporate name the courts proceed on the theory that such name should be protected in equity on principles analogous to those which prevail in the use of trademarks.[4]

§ 4. **Corporate Purposes.** — By corporate purposes is meant the specific declaration in the articles of incorporation of the nature of the business which the corporation is authorized to carry on. Such statement is a matter which primarily concerns the stockholders, and to a less degree the State under whose authority the corporation is created.

In the granting of corporate privileges it is important to specify the purposes and objects because the courts should have some guide in keeping them within the powers granted and conveyed. Unless they be specified with particularity in the petition or in the granting thereof, they might do as they pleased and the law be powerless to restrain them.[5] The purposes enumerated in the articles of association, read in connection with the general laws under which the charter is procured, is the measure of the powers of the corporation.[6]

[1] Ind. Mut. Dep. Co. *v.* Central Mut. Dep. Co., 23 Ky. L. R. 2247; 66 S. W. 1032.

[2] Ind. Mut. Dep. Co. *v.* Central Mut. Dep. Co., 23 Ky. L. R. 2247; 66 S. W. 1032; P. T. S. D. I. Co. *v.* P. T. Co., 123 Fed. 534.

[3] State *ex rel. v.* McGrath, 92 Mo. 355.

[4] P. T. S. D. I. Co. *v.* P. T. Co., 123 Fed. 534; Grand Lodge *v.* Graham, 96 Iowa, 592; 65 N. W. 837; Higgins Co. *v.* Higgins Soap Co., 144 N. Y. 462; 39 N. E. 490; American Clay Mfg. Co. *v.* American Clay Mfg. Co., 198 Pa. St. 189; 47 Atl. 936; Hazleton Boiler Company *v.* Hazleton T. Boiler Co., 142 Ill. 494; 30 N. E. 339.

[5] *In re* John H. Deveaux *et al.*, 54 Ga. 673.

[6] G. B. & M. R. Co. *v.* Union Steamboat Co., 107 U. S. 98; 27 L. E. 413; Salt Co. *v.* East Saginaw, 13 Wall. (U. S.) 378.

It must be remembered that articles of association under general acts are the productions of private citizens gotten up in the interest of the parties who propose to become incorporated, and who are stimulated by their zeal for personal advantage rather than for the general good. They are, so far as permitted in accordance with the law, substitutes for legislative action in the place of the will of the people of the State as formerly expressed by acts of the legislature. While it was true at one time that all grants from the State to corporations were strictly construed, this principle has been subject to considerable modification of late years. This is owing to the passage of general incorporation acts which were undoubtedly framed and passed with the intent to liberalize the law in respect to such grants.[1]

"It is fundamental that a corporation can be created and exist only by statutory authority, and if a corporation organizes under a general act and inserts in its articles of incorporation regulations and provisions additional to those required by the creative statute, such additional regulations and privileges are voidable at the will of the State, nor is the corporation permitted to place any restrictions on the manner of exercising its corporate duties other than the statute provides. If the corporation claims the right to exist for a certain purpose, it must show that it was organized under a statute authorizing the creation of a corporation for that particular purpose."[2]

The statutes of the various States differ of course with respect to the character of the purposes for which corporations may be formed. Some of them permit incorporation for any lawful business, without any limitations whatsoever. The phrase "other lawful business," found in so many of the statutes, is, according to the weight of authority, held not to be subject to the *noscitur a sociis* rule, and is used as a "catch-all" for the purpose of including any kind of business for pecuniary profit not otherwise provided for.[3] In setting out the purposes, this must be done with reasonable certainty and definiteness. For example, an application for a charter was refused in Pennsylvania, where it was stated that, in addition to certain enumerated objects, the

[1] Finnegan *v.* Noerenberg, 52 Minn. 239; 53 N. W. 1150.

[2] Indiana Bond Co. *v.* Ogle *et al.*, 22 Ind. Ap. 593; 54 N. E. 407.

[3] Brown *v.* Corbin, 40 Minn. 508; 42 N. W. 481; Green *v.* Breard, 35 La. An. 875; Dittman *v.* Company (N. J.), 54 Atl. 570.

corporation was organized for "such other purposes as might be agreed upon in the future." [1]

In many of the States express mention is made of the various specific purposes for which corporations may be created. As a general rule the incorporators are required to set out in their articles of association the specific purpose or purposes for which the proposed corporation is to be organized.[2]

Turning now to the various States, we find the following statutory provisions relative to the purposes for which business corporations may be created. In Alabama for any general business or lawful enterprise. In Arizona for the transaction of any lawful business. In Arkansas for the transaction of any lawful business. In Colorado for any lawful purpose. In California for any purpose for which individuals may associate themselves. In Connecticut for the transaction of any lawful business. In Delaware for the transaction of any lawful business or to promote or conduct any legitimate object or objects. In the District of Columbia any enterprise or business which may be lawfully conducted by an individual, except banking, real estate, and railroads. In Florida for the transaction of any lawful business. In Georgia for any purpose intended for pecuniary profit. In Idaho for any purpose for which individuals may lawfully associate themselves. In Illinois for any lawful purpose. In Indiana for the transaction of any kind of mining, mercantile, chemical, and manufacturing business; also grain elevator, union stock yards, and transit companies. In Iowa for the transaction of any lawful business. In Kansas for the transaction of any kind of manufacturing, mining, chemical, and mercantile business. In Kentucky for the transaction of any lawful business, or to promote or conduct any legitimate object or purpose. In Louisiana for the transaction of any lawful business, except stock jobbing. In Maine for the transaction of any lawful business. In Maryland for the transaction of any kind of mining, manufacturing, chemical, or mercantile business; also for shipbuilding and industrial purposes, and for the transportation of the products of any manufacturing or mining corporation. In Massachusetts for any lawful purpose except to buy or sell real estate or to sell or manufacture intoxicating liquors. In Michigan for the transaction of any lawful

[1] *In re* Journalists' Fund, 8 Phil. 212. [2] See Hughes *v.* Company, 34 Md. 316.

business, but only a manufacturing and a mercantile business can be carried on by the same corporation. In Minnesota for the transaction of any lawful business. In Mississippi for any lawful purpose. In Missouri for any purpose intended for profit or gain. In Montana for the transaction of any kind of manufacturing, mining, chemical, or mercantile business, or for any lawful commercial or industrial business, or for carrying on any branch of business designed to aid in or protect the interests of the company. In Nebraska for the transaction of any lawful business. In Nevada for any branch of trade or business, commerce, foreign or domestic. In New Hampshire for the transaction of any lawful business. In New Jersey for any lawful purpose or purposes whatever. In New Mexico for mining and manufacturing or other industrial purposes. In New York for any lawful purpose or purposes. In North Carolina for engaging in any lawful business. In North Dakota for any purpose for which individuals may lawfully associate themselves. In Ohio for any purpose for which individuals may lawfully associate themselves, except for carrying on a professional business. In Oklahoma for mining, manufacturing or other industrial purposes. In Oregon for the purpose of engaging in any lawful enterprise, business pursuit, or occupation. In Pennsylvania for the transaction of any lawful business, but not for more than one kind of business. In Rhode Island to carry on any ordinary business. In South Carolina for any purpose or purposes whatsoever or two or more combined. In South Dakota for the transaction of any lawful business. In Tennessee for the trade of the merchants, and for mining, boring, manufacturing, and other specified purposes. In Texas for manufacturing or mining and the purchase of goods, wares, and merchandise; also for buying and selling agricultural products and for other specified purposes. In Utah for any purpose for which individuals may lawfully associate themselves. In Vermont for carrying on any object or business not repugnant to public policy or the laws of the State. In Virginia for any purpose which may be lawfully conducted by individuals or by a body politic and corporate. In Washington for any trade or business. In West Virginia for any purpose or business useful to the public for which a firm or copartnership may be lawfully formed. In Wisconsin for any lawful business or purpose whatever. In Wyoming for the transaction of any kind of manufacturing,

mining, mercantile, and chemical business or any business designed to aid in the industrial or productive interests of the country.

The foregoing enumeration of purposes for which corporations may be created in the various Commonwealths named above, should be qualified by the statement that in most of them special acts are provided for certain classes of corporations, such as banks, trust companies, insurance companies, etc., under which corporations of that character must be incorporated. Among the few States in which corporations may be created for any lawful purpose whatever including the excepted classes above referred to are Alabama, Virginia, and West Virginia.

Finally, attention is called to the fact that in some few of the Commonwealths the statutes require that the certificate set forth the particular trade to be carried on. Such a provision is in legal effect equivalent to requiring that the purpose or object of the proposed corporation be set forth.

§ 5. **Number of Corporate Purposes Permitted.** — Difficulty frequently arises in determining whether under the provisions of some particular business corporation act parties may incorporate for the transaction of more than one line of business. In some of the States, notably, Alabama, Connecticut, Delaware, Maine, Massachusetts, Nevada, New Jersey, New York, North Carolina, Virginia, and West Virginia, the acts are so framed as to clearly authorize incorporation of companies for any number of purposes not covered by special acts. In all the remaining States, with the exception of District of Columbia, Indiana, Kansas, Louisiana, Michigan, Missouri, Ohio, Pennsylvania, Tennessee, Texas, and Wyoming, the matter is greatly simplified by State officials construing the statutes of their respective States to permit the incorporation of companies for the transaction of any number of lines of business not regulated by special statutes.

In Georgia, Indiana, Maryland, Michigan, Pennsylvania, Tennessee, and Texas the different lines of business are divided into classes. Generally speaking, parties are not permitted to incorporate for lines of business included in more than one of these classes.[1] In Wyoming the law requires the certificate of incorporation to have but one general object. In Ohio only one purpose may be inserted. In Kansas and Missouri the number of purposes is only limited by the provision of law that the name of

[1] The rule is otherwise in Indiana and Maryland.

the corporation shall indicate the nature of the business to be carried on by it.

Some suggestions along the line of determining the question as to the number of purposes which may be inserted in articles of incorporation in any particular States may be here presented, Where the statute permits corporations to be formed for several purposes named in the alternative, separated by the disjunctive conjunction "or," it is held that a corporation cannot be organized thereunder for more than one of such purposes, and that articles of incorporation which include more than one of them are void, and that incorporation under them will be refused.[1]

Again, it would appear that where incorporation for only one purpose is permitted, incorporators must make a choice of such purpose themselves in the first instance, for the courts have quite generally refused to make it for them.[2]

On this general subject the Supreme Court of Texas in a recent case spoke as follows: "A charter must set forth the purpose for which it is formed. This for the reason that if it had been intended that a corporation might be created for two or more of the purposes specified in the statute, it would have been proper to have stated 'purpose or purposes for which it is formed.' The use of the word 'purpose' in the singular number tends to show that it was the intention of the legislature to authorize the creation of a corporation for only one purpose. It may be true that the use of the singular number may not be the conclusion of the question, and that if there were other purposes in the act which either by express declaration or clear implication indicate that it was intended to authorize incorporation for two or more of the designated purposes, whether in the same subdivision or not, we should so hold.[3]

Finally, it may be said that unless the statute expressly or impliedly permits the insertion of more than one purpose in the articles, the insertion of two or more purposes therein will clearly justify State officials in refusing to allow the filing of the same.[4]

[1] State *v.* Beck, 81 Ind. 500; *In re* John H. Deveaux *et al.*, 54 Ga. 673.

[2] Williams *v.* Company, 25 Ind. Ap. 351; 57 N. E. 581; Bayou Cook Nav. & Fisheries Co. *v.* Doullut (La.), 35 So. 729; Or. Ry. & Nav. Co. *v.* Company, 130 U. S. 1; 9 S. Ct. 409; State *v.* Company, 88 Wis. 512; 60 N. W. 796.

[3] Ramsey *v.* Tod, 95 Texas, 614; 69 S. W. 133.

[4] Ind. Bond Co. *v.* Ogle, 22 Ind. Ap. 593; 54 N. E. 407; Woodberry *v.* McClurg, 78 Miss. 831; 29 So. 514; Kinston, etc. Co. *v.* Stroud, 132 N. C. 413; 43 S. E. 9.

§ 6. **Collateral Attack upon Corporate Purposes and Powers.** — The term "collateral attack," as used in corporation law, has reference to the attempt of parties other than the State (in direct proceedings) to question the validity of a corporation's existence and purposes or its right to exercise corporate powers. The law reports are full of conflicting decisions relating to the general subject of collateral attack upon corporate existence, purposes, and powers. The seemingly hopeless confusion which exists among the courts on this subject is largely due to a failure on their part to recognize that the matter has, by a gradual process of statutory and judicial legislation, become at the present time an academic one. It is proposed at this point to discuss at length not only the question of the right to collaterally attack the legality of corporate purposes as set forth in articles of incorporation, but as well to consider in this same connection the right to collaterally attack the validity of corporate existence and the right to exercise corporate powers. This for the reason that all these questions are so closely related to each other as to properly permit of discussion at one and the same time.

At the outset, a word should be said as to the policy that would seem to dictate the establishment of statutory and judicial rules, forbidding the impeachment by indirect methods of a corporation's right to exist. In the first place, such attacks are rarely made except in an attempt to defeat the ends of justice, by setting up defences to actions brought against debtors by corporations, in which the parties interposing the same have generally no direct interest whatever. If the State legislatures had not by legislation, and the courts by an extended application of the doctrine of estoppel, forbidden such collateral inquiry into these matters, it would have been impossible in a great number of cases for litigants to enforce their just rights in courts of law. If such a right were admitted in one case, it must be in all. Corporations might thus be called upon years after their creation to establish the validity of corporate existence, purposes, and powers, which public policy should hold to be valid as against all parties except the State.[1]

Having already observed that the question of the right to collaterally attack corporate existence, purposes, and powers has become largely an academic one, it will now be proper to sub-

[1] Duggan *v.* Company, 11 Col. 113; 17 Pac. 105.

stantiate this statement. That the discussion of this question may proceed along logical lines, attention is first called to the alleged right to collaterally attack the validity of corporate existence.

In twenty-six of the States and Territories collateral inquiry into the legality of corporate existence is expressly forbidden by statute, the right to impeach such existence being expressly reserved to the State alone by means of direct proceedings brought for that purpose.[1] Thus, in California it is provided that where a corporation claims in good faith to be a corporation and doing business as such, its right to exercise corporate powers shall not be inquired into collaterally in any private suit to which such *de facto* corporation may be a party.

In Delaware the law provides "that no corporation shall be permitted to set up or rely upon the want of legal organization as a defence in any action against it, nor shall any person transacting business with such corporation, or sued for injury to its property be permitted to rely upon such want of legal organization as a defence." In Georgia the law provides that the existence of a corporation claiming a charter, under the color of law, cannot be collaterally attacked, and that all who dealt with the corporation as such are estopped from denying its corporate existence. In Iowa, Kentucky, and Nebraska statutes exist essentially the same as that in force in Delaware as cited above. In Nebraska the law provides that evidence that the corporation is doing business under a certain name shall be *prima facie* proof of its due incorporation or existence pursuant to law.

In Montana collateral inquiry into corporate existence is expressly forbidden, until the fact that there was in fact no such corporation has been adjudged in a direct proceeding brought for that purpose. In South Carolina, it is provided that no irregularity shall be held to vitiate the corporation until a direct proceeding to set aside or annul the charter be commenced by the proper authorities of the State, and all acts and contracts entered into shall have the same force and effect as if no irregularity existed.

In South Dakota, North Dakota, and Oklahoma the law provides that the due incorporation of any company claiming in good faith to be a corporation and doing business as such, its right to exer-

[1] See Boyce *v.* Church, 46 Md. 359; W. & M. W. R. Co. *v.* Supervisors, 64 Cal. 69; 28 Pac 496.

cise corporate powers shall not be inquired into collaterally. In Tennessee the law provides that the validity of corporate existence shall not be collaterally questioned. Persons acting as a corporation, the law says, will be presumed to be legally incorporated until the contrary is shown, and no such franchise shall be declared annulled or forfeited except in a regular proceeding brought for that purpose. In Texas no person who shall have assumed an obligation to an ostensible corporation as such shall resist the enforcement of such obligation on the ground that there was no such corporation until that fact has been adjudged in a direct proceeding for that purpose.

In Arizona persons acting as a corporation under the provisions of the incorporation act in force in that Territory are by law presumed to be legally organized until the contrary is shown, and no franchise can be declared to be annulled or forfeited except in regular proceedings brought for that purpose. The law also provides that no persons acting as a corporation under such act shall be permitted to set up or rely upon the want of legal organization as a defence to any action brought against them as a corporation, nor shall any person who shall be sued under a contract made with such corporation sue for an injury done to its property or for a wrong done to its interest be permitted to rely upon such want of legal organization in his defence.

Finally, in Mississippi it is provided that it shall not be a defence in any action against a corporation that there was a defect or informality in its organization.

Again in twenty-nine of the States authority is given to State officials to issue certificates of due incorporation. Of this number fourteen are not included in the list of States forbidding collateral attacks upon corporate existence. In such States it is safe to say that the issue of such a certificate is in itself a final adjudication against all parties except the State that a corporation has a legal existence to the extent that it cannot be collaterally attacked by third parties. Particularly where it is organized by the voluntary action of the requisite number of incorporators with the approval and consent of an officer of the State possessing authority in the premises, under an enabling statute permitting corporations of that particular description to be organized thereunder.[1]

[1] O'Brien *v.* Cummings, 13 Mo. Ap. 197; Boyce *v.* Church, 46 Md. 359.

The theory upon which the rule here stated is based seems to be that State officials in issuing a certificate of due incorporation act under a general statute passed by the legislature, and under the terms thereof become agents as it were thereof for that purpose. It therefore follows that the act of such State officials in certifying as to due incorporation, is in effect the act of the legislature which has the supreme power of creating corporations. So it may be safely said that, according to the best current of authority, where the statute gives the State official authority to issue a certificate of due incorporation, such certificate is evidence thereof against all the world except the State.[1]

Again it should be noted that in many of the States the statute itself gives certain probative force to the charter so issued, by providing that the certificate of incorporation, or a certified copy thereof, shall be evidence to a certain designated extent and for certain purposes. Thus in Connecticut, Kansas, Minnesota, North Dakota, and Ohio statutes exist providing that a certified copy of the certificate of incorporation shall be *prima facie* evidence of the legal existence of the corporation. In Colorado, Oklahoma, Oregon, Texas, West Virginia, and Wyoming statutes provide that such certificate shall be evidence of the existence of the company. In California, Colorado, Idaho, Illinois, Louisiana, Montana, Nevada, North Dakota, South Dakota, Oklahoma, Utah, Washington, and Wyoming such a certificate is *prima facie* evidence of the facts therein stated. In New York the certificate of incorporation of any corporation when duly filed is presumptive evidence of its incorporation. In Arkansas a certified copy of the articles is made *prima facie* evidence of the due formation and of the existence and capacity of the corporation. In Colorado it is made evidence

[1] Petty *v.* Hayden, 115 Iowa, 212; 88 N. W. 339; Cochran *v.* Arnold, 58 Pa. St. 393; Litchfield Bank *v.* Church, 29 Conn. 137; Napier *v.* Poe, 12 Ga. 170; Carolina Iron Co. *v.* Abernathey, 94 N. C. 545; Casey *v.* Galli, 94 U. S. 673; 24 L. E. 168, 307; Lake Sup. Nav. Co. *v.* Morrison, 22 U. C. C. P. 217; Birds Case, 1 Simon (N. S.), 47; 40 Eng. Ch. 47; *In re* Barneds Bakery Co., L. R. 2 Ch. 674; O'Brien *v.* Cummings, 13 Mo. Ap. 197; N. P. C. I. Co. *v.* Company, 16 Utah, 246; 52 Pac. 168; Holman *v.* State, 105 Ind. 569; 5 N. E. 702; State *v.* Carr, 5 N. H. 367; Jones *v.* Dana, 24 Barb. 395; Taylor *v.* Company, 91 Me. 193; 39 Atl. 560; Finch *v.* Ullman, 105 Mo. 255; Saunders *v.* Farmer, 62 N. H. 572; Union Water Co. *v.* Kean, 52 N. J. Eq. 111; 27 Atl. 1015; U. S. Vinegar Co. *v.* Schlegel, 143 N. Y. 537; 38 N. E. 729; W. & P. Ry. Co. *v.* Company, 114 N. C. 690; 19 S. E. 646; Carroll *v.* Bank, 19 Wash. 639; 54 Pac. 32; Vermont, etc. Ry. Co. *v.* Company, 34 Vt. 2; Grubb *v.* Company, 14 Pa. St. 305; W. P. R. Co. *v.* Young, 12 Md. 476.

of the existence of the corporation. In Connecticut it is evidence of the legal existence of the corporation, and it is there provided that it shall serve all the purposes of a charter for the corporation. In Delaware it is made evidence in any court of law or equity. In Georgia a certified copy of the petition for incorporation and order granting the same is made evidence of such incorporation in any court. In Kentucky the law provides that it may be used as evidence in any action for or against the corporation. In Maryland it may be used as evidence in all legal proceedings. In Michigan it is *prima facie* evidence of the due formation, existence, and capacity of such corporation. In Minnesota it is provided that it shall be evidence in all courts of such incorporation. In New Jersey it is evidence in all courts and places. In North Carolina it is *prima facie* evidence of the organization and incorporation of the company purporting thereby to have been established. In Pennsylvania it is evidence for all purposes. In Rhode Island a certificate must be received in evidence before any court, tribunal, or authority. In Tennessee it is competent evidence in any proceeding. In West Virginia it shall be received as evidence of the existence of the corporation. In Wyoming it is provided that it shall be evidence of the existence of the company.

Again, in Massachusetts and Indiana the law provides that the certificate of record shall be conclusive evidence of the existence of such corporation. In Wisconsin it must be received as conclusive evidence of the existence of the corporation or of the organization thereof in all cases where such facts are collaterally involved.

Again, in Alabama the certificate of the probate judge states specifically that the incorporators are duly organized as a corporation for the purposes expressed in the declaration, having the power, capacity, and authority conferred by law. In Florida the law provides that "letters patent" shall be conclusive evidence of the existence of the corporation in all actions where the question of the existence is only collaterally involved, and *prima facie* evidence in all other actions and proceedings. In Indiana the order of the court declaring the existence of a corporation entered "*ex parte*" is conclusive as to the fact of such existence. In Mississippi the law provides that the powers specified in the charter shall by the approval of the Governor be vested in such corporation, and it shall go into operation at the time and on the terms and conditions specified.

Again, certain statutes exist providing that after certain preliminary steps have been taken as prescribed by statute such incorporators and their successors and assigns shall thereupon become a body politic and corporate for certain specified purposes. These statutes really provide that upon the observance of certain specified preliminary conditions relative to the making and execution of articles of incorporation, the incorporators, their successors and assigns, shall be a body politic and corporate under the name and for the purposes stated in the articles. The foregoing is the statutory provision as it exists to-day in substance in South Dakota, North Dakota, and Oklahoma. In Virginia the law provides that they shall be a body politic and corporate by the name set forth in the said certificate and upon the terms and powers set forth therein, so far as not in conflict with law. In Pennsylvania the law provides that they shall become a corporation upon the purposes and terms named in the charter. In Maryland they are declared to thereby become a body politic and corporate according to the objects, purposes, articles, conditions, and provisions in said instrument contained. In Maine they are declared to be a corporation, with all the rights and powers and subject to all the duties, obligations, and liabilities provided by law.

In Connecticut a copy of the certificate of organization is *prima facie* evidence that the corporation has been duly organized and is duly authorized to exercise all its corporate powers. In Maine the certificate of the Secretary of State that the corporation has been duly organized is evidence of the corporate existence of the corporation. In South Carolina a certificate is issued by the Secretary of State that the corporation is fully authorized to commence business under its charter for the purposes indicated in the written declaration of the incorporators.

It is not claimed that the statutory provisions here referred to operate so as to preclude entirely collateral attack upon corporate existence, purposes, and powers. The most that is claimed for them where they do not make certain instruments conclusive evidence of corporate existence, purposes, and powers, is that they shift the burden of proof and render the likelihood of collateral attack more remote.[1]

[1] As to meaning of conclusive evidence, see American Order, etc. *v.* Merritt, 151 Mass. 558; 24 N. E. 918. As to meaning of *prima facie* evidence, see Holmes *v.* Gilliland, 41 Barb. (N. Y.) 569; Knapp, etc. Co. *v.* Strand, 4 Wash. 686; 30 Pac. 1063;

It has now been fairly demonstrated, it is hoped, that in the majority of the Commonwealths collateral inquiry into corporate existence is either prohibited by statute or else is forbidden by implication, by reason of the issuance of certificates of due incorporation, under proper legislative authority, by State officials. In the few remaining States and Territories the courts have either by a process of judicial legislation or by an extended application of the principle of estoppel, practically made it impossible to successfully attack in collateral proceedings the due existence of a corporation. This on grounds of enlightened public policy.[1]

The judicial legislation above referred to covers the cases where it is impossible to apply principles of estoppel either on account of the absence of any conduct on the part of parties litigant showing their recognition of the corporation's existence, or else is inapplicable by reason of such parties having never in any way dealt with the corporation or recognized its corporate existence.[2]

Having now considered at some length the question as to the right to collaterally attack the validity of corporate existence, there naturally follows an inquiry as to the right to attack the validity of corporate purposes and powers when the same are inserted in the articles of incorporation. It would seem to follow, as a logical sequence, that if the rule be once established forbidding collateral attack upon corporate existence, this same rule should operate as well to prevent collateral attack upon corporate purposes and powers. This for the reason that if a corporation exists at all it must necessarily exist with such purposes and powers as are inserted in the articles of incorporation which called the corporation into being.

As has already been observed, a large number of the States have enacted statutes forbidding collateral attack upon corporate existence. For the reasons already stated, it would appear that these statutes would be equally efficacious for the purpose of prohibiting collateral attack upon corporate purposes and powers.

Eastern Plank Road Co. *v.* Vaughan, 14 N. Y. 546; Bates *v.* Wilson, 14 Col. 140; 24 Pac. 99; Wood *v.* Company, 56 Conn. 87; 13 Atl. 137; Jewell *v.* Company, 101 Ill. 57.

[1] See Casey *v.* Galli, 94 U. S. 673; Duggan *v.* Company, 11 Col. 113; 17 Pac. 105; McClinch *v.* Sturgis, 72 Me. 288; Finch *v.* Ullman, 105 Mo. 255; 16 S. W. 863; Saunders *v.* Farmer, 62 N. H. 572; Hackensack Water Co. *v.* DeKay, 36 N. J. Eq. 548; U. S. Vinegar Co. *v.* Schlegel, 143 N. Y. 537; 38 N. E. 729; W. & P. Ry. Co. *v.* Company, 114 N. C. 690; 19 S. E. 646; Reynolds *v.* Myers, 51 Vt. 444; Carroll *v.* Bank, 19 Wash. 639; 54 Pac. 32.

[2] See Marion Savings Bank *v.* Dunkin, 54 Ala. 471.

Again, as has already been stated, a large number of the incorporation acts provide that the certificate of incorporation shall be issued by certain designated State officials. Where such certificates are issued under express or even implied authority of the State, the rule unquestionably is that the validity of corporate purposes and powers not *per se* illegal, inserted in the articles of incorporation, cannot be attacked except by the State in a direct proceeding brought for that purpose.[1]

If, however, the charter is issued without the express or implied approval of the State officials, — their duty being merely to certify to the fact and to mark them when filed as public documents in their respective offices, — then the insertion of purposes not authorized by the statute, yet not unlawful *per se*, would probably not render the charter valid for all purposes even when filed.[2]

To sum up briefly the propositions herein presented, it may be said that collateral inquiry into the legality of a corporation's existence, purposes, and powers is forbidden in this country, (1) by statutes expressly forbidding such collateral attack; (2) by reason of authority vested in state officials to issue certificates of due incorporation which for the reasons already stated are not open to collateral attack; (3) by reason of statutory provisions giving to certified copies of articles of incorporation certain probative effect; (4) by an extended application of the principle of estoppel forbidding such collateral attacks; (5) by a process of judicial legislation denying on grounds of public policy the right of parties other than the State to attack the legality of corporate existence, purposes, and powers.

§ 7. **Effect of Inserting Illegal Purposes.** — There seems to be a sound basis in law for permitting collateral attack upon purposes that are illegal *per se*. This for the reason that a distinction clearly exists between purposes which are merely unauthorized

[1] State *ex rel.* Walker *v.* Talbot, 123 Mo. 69; 27 S. W. 366; Doty *v.* Patterson, 155 Ind. 60; 56 N. E. 668; T. A. L. Co. *v.* Massey (Tenn.), 56 S. W. 35; Allbright *v.* Association, 102 Pa. St. 411. See also People *v.* Beach, 19 Hun, 259; N. Orleans, etc. R. R. Co. *v.* Frank, 39 La. An. 707; 2 So. 310; Holmes *v.* Gilliland, 41 Barb. N. Y. 569; Eastern Plank Road Co. *v.* Vaughan, 14 N. Y. 546; C. & P. Co. *v.* Secretary of State, 128 Mich. 621; 87 N. W. 901; Cochran *v.* Arnold, 58 Pa. St. 399; Casey *v.* Galli, 94 U. S. 673; Fortier *v.* Bank, 112 U. S. 439; 5 S. Ct. 234; Niemeyer *v.* L. R. J. Ry., 43 Ark. 111.

[2] Williams *v.* Company, 25 Ind. Ap. 351; 57 N. E. 581; Kinston, etc. Co. *v.* Stroud, 132 N. C. 413; 43 S. E. 913; Ramsey *v.* Tod, 95 Tex. 614; 69 S. W. 133; Or. Ry. & Nav. Co. *v.* Or. Ry. Co., 130 U. S. 1; 9 S. Ct. 409; State *v.* Company, 88 Wis. 512; 60 N. W. 796; G. L. H. Ins. Co. *v.* Kamper, 73 Ala. 325.

by the terms of the general incorporation act, and those purposes which are forbidden by express statute, — civil or penal. In the latter case it seems clear that even the approval by a State official of such unlawful purposes as evidenced by the issuance by them of certificates of due incorporation, do not forbid collateral attack thereon in any suit whereby the corporation seeks to benefit by the insertion of such unlawful purposes in its articles.[1]

The rule might be still further extended so as to apply to purposes which may be lawful in a general way, yet which may be deemed unlawful on account of the limitations inserted in the articles upon the means by which such purposes are to be carried out.[2] The same principle would apply where the purposes are clearly contrary to the public policy of the State.[3] But if purposes are lawful on their face, they will, as against all but the State, be presumed to be such.[4] Where some of the purposes are merely unauthorized, while others are valid and proper, the insertion of the unauthorized purposes will not vitiate the incorporation.[5] But where any of the purposes are illegal *per se*, the State officials would be clearly justified in refusing to allow the articles to be filed, though some of them are lawful.[6]

§ 8. **Corporate Powers, Classification of.** — By "corporate powers" is meant the right or authority of a corporation to act along certain lines prescribed for it in the instrument whereby it was created. The tendency of modern decisions is to assimilate the powers of private corporations to those of individuals and copartnerships.[7] It is unnecessary to say that a corporation cannot assume for itself powers of action, irrespective of statute, by the mere declaration thereof in its articles of incorporation.[8] Neither can they be created by by-law.[9]

The Supreme Court of the United States[10] has observed that

[1] F. N. Bank *v.* Company, 59 Ohio St. 316; 52 N. E. 834; *In re* DuQuesne College, 2 Pa. Dist. Ct. Rep. 555; Matter of Agudath Hakehiloth, 18 N. Y. Mis. Rep. 717; 42 N. Y. Sup. 985; State *v.* Company, 29 Neb. 700; 46 N. W. 155.

[2] Or. Ry. & Nav. Co. *v.* Or. Ry. Co., 130 U. S. 1; 9 S. Ct. 409.

[3] Schentzen Bund *v.* Agitations Verein, 44 Mich. 313; 6 N. W. 675; McGrew *v.* C. P. Ex., 85 Tenn. 572; 4 S. W. 38; *In re* Benefit Society, 10 Phil. 19; People *v.* Company, 130 Ill. 268; 22 N. E. 798.

[4] U. S. Vinegar Co. *v.* Foehrenbach, 148 N. Y. 58; 42 N. E. 403.

[5] Skick *v.* Company, 15 Ind. Ap. 310; 44 N. E. 48.

[6] State *v.* Company, 88 Wis. 512; 60 N. W. 796.

[7] Fink *v.* Company, 5 Ore. 301.

[8] People *v.* Green, 116 Mich. 505; 74 N. W. 714.

[9] Andrews *v.* Company, 37 Me. 256.

[10] Thomas *v.* Company, 101 U. S. 71.

" we take the general doctrine to be that the powers of corporations organized under general statutes are such and such only as are conferred by statute. Conceding the rule applicable to all statutes, that what is fairly implied is as much granted as what is expressed, it remains that the charter of the corporation is the measure of its powers, and that the enumeration of these powers implies the exclusion of all others."

The foregoing is true only as to certain classes of powers which are hereinafter referred to as " express powers." The rule is not applicable either to what are known as " common law papers " or to the " incidental powers " of corporations. Corporate powers may properly be divided into three general classes, to wit: (1) Common Law Powers; (2) Express Powers; (3) Incidental Powers. Generally speaking, there is no existing rule or principle by which corporations created for a certain specific object or to carry on a particular trade or business are to be held to be prohibited from all other dealings or transactions not coming within the exact scope of those designated. Undoubtedly the main business of a corporation is to be confined to that class of operations which properly appertains to the general purposes for which this charter was granted. But it may also enter into contracts and engage in transactions which are incidental or auxiliary to the main business, or which may become necessary or profitable in the care and management of the property which it is authorized to hold. The same is true as to certain powers which are held to exist at common law even in the absence of any specific reference to such powers in the articles of incorporation.

§ 9. **Common Law Powers, Definition of; Enumeration of.** — Common law powers are those which the law bestows upon corporations irrespective of statute or charter provisions, as being necessary for the carrying out of the purposes for which it was created.[1] The common law gives to corporations the powers belonging to corporations of their class, unless there is something in the nature of the corporation or in the terms of its charter, or in the act under which it was incorporated inconsistent with the exercise of the powers, or there is some general statute restricting the same.[2]

[1] Falconer *v.* Campbell, 8 Fed. Cases, 4620; 2 McLean, 195; C. O. N. G. & F. Co. *v.* C. D. Co., 60 Ohio, 96; 53 N. E. 711; State *v.* Company, 144 Mo. 562; 46 S. W. 593; Knowles *v.* Beatty, 1 McLean, 41; Leggett *v.* N. J. M., etc. Co., 1 N. J. Eq. 541.

[2] Smith *v.* Company, 27 N. H. 86; Sutton's Hospital Cases, 5 Coke's Rep. 253.

The common law powers here referred to may be enumerated as follows: (1) the right to the use of a corporate name; (2) the right to perpetual succession; (3) the right to acquire, hold, and dispose of corporate property; (4) the right to appoint corporate officers and agents; (5) the right to establish by-laws for the government of the corporation, its officers and members; (6) the right to sue and be sued.

An examination of the various corporate acts in force in the several States and Territories will serve to show that without exception they contain an enumeration more or less full of the common law powers above referred to. In Indiana the statute refers to them as common law powers, and proceeds to enumerate them.[1]

§ 10. **Right to a Corporate Name.** — The right to the use of a corporate name is a power well recognized both at common law and by statute. Corporations have a property right to the use of such name in the transaction of their business which the courts will always protect.[2] They are recognized in law only by their corporate name.[3]

The name is said "to be the very being of their constitution; the knot of their combination; without which they could not do their corporate acts; for it is unable to implead and be impleaded, to take any action until it hath gotten a name."[4]

The action of State officials in granting the use of a name, it may be observed, is not conclusive, for courts of equity will nevertheless protect corporations in the use of their name.[5] State officials have, however, the power to protect the use of corporate names when applications are made for charters, even when the proposed name is not exactly similar to that of existing corporations.[6]

The right to have a corporate name is in itself a common law power; but it is one which is not alienable.[7]

§ 11. **Right of Perpetual Succession.** — The "right of perpetual succession" under a designated corporate name is one of the common law powers of a corporation. The words "perpetual

[1] Ind. Session Laws, 1901, ch. 127, § 28.

[2] L. D. Co. *v.* Massachusetts, 10 Wall. (U. S.) 566; see also *ante*, § 3.

[3] Curtiss *v.* Murry, 26 Cal. 633.

[4] Smith *v.* Company, 30 Ala. 650.

[5] Grand Lodge, etc. *v.* Graham, 96 Ia. 592; 65 N. W. 837.

[6] State *ex rel.* *v.* McGrath, 92 Mo. 355; 5 S. W. 29.

[7] State *v.* Company, 40 Kan. 96; 19 Pac. 349; Detroit Citizens' Street Ry. Co. *v.* Common Council, 125 Mich. 673; 85 N. W. 96.

succession" do not refer to the duration of the life of the corporation, where this is specifically limited either by statute or by the articles of incorporation, but merely operates to grant the continuation of corporate life during the period so prescribed.[1] Perpetual succession ordinarily merely conveys the right of continued unbroken succession for the period of time limited for the corporate existence.[2]

§ 12. **Right to adopt and use a Corporate Seal.** — It is an inseparable incident to every corporation that it may have a common seal, and make, alter, and renew the same at pleasure.[3] The doctrine of the common law requiring the use of a corporate seal in the execution of corporate contracts is practically obsolete, and the seal is now required, in the absence of express statute, only when it would be required of a natural person under similar circumstances.[4] Ordinarily the exercise of this power is delegated by the stockholders to the directors by means of an appropriate by-law.[5]

§ 13. **Power to acquire, hold, and dispose of Real and Personal Property.** — No doctrine of the common law is more clearly and undeniably established than that which concedes to corporations an inherent right to acquire and hold title to real and personal property, except so far only as they may be restricted by the objects of their creation or the limitations of their charter.[6] The power to acquire such property, when not restricted by statute, is only limited by the rule that it must be such as is reasonably necessary or convenient to enable it to accomplish the purposes for which it was created.[7]

Formerly the amount of real property which a corporation might purchase and hold was very generally limited by statute in most of the Commonwealths. The existence of such statutes may be traced to the policy of the common law and to the existence in England of statutes known as statutes of mortmain, which prohibited corporations from taking and holding real estate without licenses from the king or Parliament.[8] However, in most of the

[1] State *v.* Payne, 129 Mo. 468; 31 S. W. 797.

[2] Scanlon *v.* Crawshaw, 5 Mo. Ap. 337; see, however, Fairchild *v.* Association, 71 Mo. 526.

[3] Ransom *v.* Bank, 13 N. J. Eq. 212; Thomas *v.* Dakin, 22 Wend. 9.

[4] Green Co. *v.* Blodgett, 55 Ill. Ap. 556.

[5] Woodman *v.* Company, 50 Me. 549.

[6] Lathrop *v.* Bank, 8 Dana (Ky.), 114; Thompson *v.* Waters, 25 Mich. 214.

[7] Brown *v.* Hogg, 14 Ill. 219; Richardson *v.* Association, 131 Mass. 174.

[8] Leazure *v.* Hillegas, 7 Ser. & R. (Pa.)

States such restrictions have been done away with, and corporations may now hold such property, both real and personal, as the attainment of their corporate purposes may require. In any event, the general power of a corporation to hold real estate is primarily a question between the corporation and the State, and cannot ordinarily be raised by third parties.[1] Where such statutes exist the corporation has of course no power to exceed the statutory limit as against the State.[2]

The general rule is that corporations, unless forbidden by statute, have implied power to take property by devise.[3] The same rule applies with respect to the power of taking and holding property in trust, provided in so doing it acts within its corporate powers.[4] The power of a corporation to sell and convey is as broad as the power to purchase and hold, and is granted on the same terms.[5]

§ 14. **Power to appoint Corporate Officers and Agents.** — At common law corporations have the inherent power, irrespective of statute or charter provision, to elect directors and executive officers and to appoint such agents as the business of the corporation require.[6]

§ 15. **Power to establish By-laws.** — Every corporation has the implied power to enact such by-laws as may be necessary for the proper government of the corporation, its officers, and stockholders.[7]

Sometimes the statutes prescribe the nature of the by-laws to be adopted and authorize penalties for violation thereof.[8]

313; White *v.* Howard, 38 Conn. 342; Page *v.* Heineberg, 40 Vt. 81; Rivanna Nav. Co. *v.* Dawsons, 3 Grat. (Va.) 19; Moore *v.* Moore, 4 Dana (Ky.), 354; Mallett *v.* Simpson, 94 N. C. 37; Trustees *v.* Manning, 72 Md. 116; 19 Atl. 599; First M. E. Church *v.* Dixon, 178 Ill. 260; 52 N. E. 887.

[1] C. B. & Q. R. R. Co. *v.* Lewis, 53 Ia. 101; 4 N. W. 842.

[2] Market St. Ry. Co. *v.* Hellman, 109 Cal. 571; 42 Pac. 225; *In re* McGraw's Estate, 111 N. Y. 66; Andrews *v.* Andrews, 110 Ill. 223; Graves *v.* Niles, 1 Walker (Mich.), 332.

[3] White *v.* Howard, 38 Conn. 342; Ravanna Nav. Co. *v.* Dawsons, 3 Grat. (Va.) 19.

[4] Vidal *v.* Girards Executors, 2 How. (U. S.) 127; Morris *v.* May, 16 Ohio, 469; F. L. T. Co. *v.* H. F. N. Co., 41 N. Y. 619; White *v.* Rice, 112 Mich. 403; 70 N. W. 1024; Greene *v.* Dennis, 6 Conn. 304.

[5] Miners' Ditch Co. *v.* Zellerbach, 37 Cal. 543; People *v.* College, 38 Cal. 166.

[6] Kearney *v.* Andrews, 10 N. J. Eq. 70; A. R. R. Co. *v.* Kidd, 29 Ala. 221.

[7] Wells *v.* Black, 117 Cal. 157; 48 Pac. 1090; People *v.* Society, 24 Barb. N. Y. 570; Martin *v.* Association, 2 Coldw. (Tenn.) 418; Mechanics' Bank *v.* Smith, 19 Johns. (N. Y.) 115; Steger *v.* Davis, 8 Tex. Civ. App. 23; 27 S. W. 1068.

[8] Cahill *v.* Company, 2 Dong. (Mich.) 128; Mobile *v.* Yuille, 3 Ala. 137.

§ 16. **Power to sue and be sued.** — It has been the rule of the courts from time immemorial to recognize and enforce the power of corporations to sue and be sued under and by their corporate name as incident to such corporate existence.[1]

§ 17. **Express Powers, Definition of; Enumeration of.** — Express powers are those which are either granted to all corporations alike by statute, whether inserted in the charter or not, or else are those which are permitted by statute to such corporations as may see fit to take advantage of them, by reserving such powers in the charter itself. Statutes of the character first referred to are construed by the courts to be *ipso facto* read into the charter, thereby becoming part and parcel of it. On the other hand, the last-named powers can only be availed of by the corporation when, as has been stated, they are specifically reserved or set forth in the articles of incorporation. Express powers relate not only to the right to engage in a special line of business as set forth in the statement in the articles of the object or purposes for which the corporation is formed, but they relate as well to other powers which are here termed "express," inasmuch as they depend upon the existence of specific statutes authorizing their exercise by such corporations as desire to avail themselves thereof. These express powers may be divided into twenty-eight classes, enumerated as follows: (1) power to purchase its own capital stock; (2) power to subscribe for, purchase, and hold stock in other corporations; (3) power to consolidate with other corporations; (4) power to transact all or any part of its business outside of the State of its origin; (5) power to extend its corporate existence; (6) power to change its corporate name; (7) power to increase or decrease its capital stock; (8) power to issue preferred stock; (9) power to change the corporate purposes; (10) power to change the number of directors; (11) power to change its domiciliary office or place for the transaction of its business; (12) power to acquire and enforce a lien upon stock of the corporation to secure the payment of debts due the corporation from stockholders; (13) power to levy assessments against the stockholders with the right to forfeit the stock for non-payment thereof; (14) power to authorize voting at stockholders' meetings by proxy; (15) power to allow cumulative voting at the election of directors; (16) power to issue stock as full paid and non-

[1] S. W. Co. *v.* Armstrong, 17 Me. 34.

assessable in exchange for property or services; (17) power to sell the corporate assets; (18) power to voluntarily dissolve the corporation without recourse to the courts; (19) power to insert in the charter provisions for the regulation of the internal affairs of the corporation; (20) power to authorize directors to adopt by-laws; (21) power to authorize appointment of executive committee from board of directors; (22) power to enlarge or diminish corporate powers; (23) power to change par value of shares; (24) power of bondholders to vote at elections of directors; (25) power to classify directors; (26) power to amend articles before organization; (27) power to surrender charter before organization; (28) power given to minority stockholders to compel purchase of their holdings upon consolidation.

Of the foregoing enumerated powers, the following when expressly authorized by statute are applicable to all corporations alike, whether reserved or enumerated in the articles of incorporation, to wit: The power to consolidate with other corporations; to perform constituent acts outside of the State of its origin; to extend its corporate existence; to change its corporate name; to increase or decrease its capital stock; to change the corporate purposes, the number of its directors, its domiciliary office or place for the transaction of its business; to acquire and enforce a lien upon stock of the corporation to secure the payment of debts due the corporation from stockholders; to levy assessments against the stockholders with the right to forfeit stock for non-payment thereof; to authorize voting at stockholders' meetings by proxy; to permit cumulative voting at election of directors (unless such right is merely made permissible by statute); to issue stock as full paid and non-assessable in exchange for property or services; to sell the corporate assets in their entirety; to voluntarily dissolve the corporation without recourse to the courts; to authorize the directors to adopt by-laws (unless such authority is by statute required to be reserved in the articles of incorporation); to appoint an executive committee; to enlarge or diminish the corporate powers; to change the par value of shares; to amend articles before organization; to surrender charter before organization; power given to minority stockholders to compel purchase of their holdings upon consolidation.

Of the remaining express powers it is probably in accord with the general current of authority in this country to say that to be

available to the corporation they must be reserved or specified in the articles of incorporation. The powers to which reference is here made may be enumerated as follows: To subscribe for, purchase, and hold stock in other corporations; to transact all or any part of its business outside of the State of its origin; to issue preferred stock; the power to insert in the charter provisions for the regulation of the internal affairs of the corporation; power of bondholders to vote at election of directors; power to classify directors; and possibly power to purchase its own capital stock.

§ 18. **Power of Corporations to purchase their own Stock.** — There is considerable conflict of opinion in this country relative to the question whether a corporation may purchase its own stock without express statutory authority so to do. One line of decisions holds to the view that such power exists only when expressly conferred by statute no matter what the purpose may be.[1] Other courts of equally high standing take the view — and this we believe to be the true one — that every corporation has implied power to purchase its own stock provided it does so in good faith and without prejudice to the rights of creditors.[2] It has been said that, "generally speaking, a corporation, when acting within the scope of the purposes of its organization, has the same power to contract with reference to such powers as an individual. We believe the rule to be well settled in the United States by the overwhelming weight of authority and reason that a private corporation may purchase its own stock if the transaction is fair and in good faith; if it is free from fraud, actual or constructive; if the corporation is not insolvent and in process of dissolution, and if the rights of creditors are in no way affected thereby."[3]

Where there is no formal corporate action taken, authorizing the purchase of the company's own stock, a purchase made thereof, even though all the stockholders separately consented thereto, would be invalid as against creditors.[4]

[1] Crandall *v.* Lincoln, 52 Conn. 73; Currier *v.* Company, 56 N. H. 262; Morgan *v.* Lewis, 46 O. St. 1; 17 N. E. 558.

[2] City Bank Columbus *v.* Bruce, 17 N. Y. 507; N. E. T. Co. *v.* Abbott, 162 Mass. 148; 38 N. E. 432; Clapp *v.* Peterson, 104 Ill. 26; Hall & Farley *v.* Henderson, 126 Ala. 449; Bank *v* Company, 18 Vt. 131; Chapman *v.* Company, 62 N. J. 497; 41 Atl. 690; Belknap *v.* Adams, 49 La. Ann. 1350; 22 Sou. 382; Ins. Co. *v.* Swigert, 135 Ill. 162; 25 N. E. 382; Porter *v.* Company (Mont.), 74 Pac. 938.

[3] Porter *v.* Company (Mont.), 74 Pac. 938.

[4] De La Vergne Refrigerator Machine

Some of the States expressly authorize corporations to purchase shares of their own capital stock, while others expressly forbid it.[1] The rule of course does not apply to those cases where statutes exist expressly authorizing the forfeiture of stock for non-payment of assessments.[2] The purchase by a corporation of its own stock does not extinguish it.[3] Many of the States have statutes expressly forbidding corporations to vote their own stock when held or owned by them. Even in the absence of such statute, it is probable that the courts would enjoin corporations from voting their own stock.[4] By statute in a number of States corporations are forbidden to purchase their own stock.[5]

§ 19. **Power to subscribe for, purchase, and hold Stock in other Corporations.** — The prevailing rule in this country is that unless the power is expressly given by statute or by reservation of such right in the charter, corporations have no implied power to subscribe for, purchase, or hold stock in other corporations.[6]

An attempt has been made in some States to establish the rule that where the statute does not expressly prohibit such act, the corporation may purchase stock in other corporations without any express authority so to do, provided the circumstances are such as to render the transaction a necessary and proper means for accomplishing the objects of its creation.[7]

If, however, there is no statutory prohibition in the matter and the State officials permit the insertion in the articles of the power to purchase and hold stock in other corporations, the exercise of such power is unquestionably valid.[8] In the same connection it may be observed that a corporation cannot organize subsidiary companies unless such power is given in express terms in the charter or by necessary implication from the powers thereby conferred.[9]

Co. *v.* German Savings Institution, 175 U. S. 38; 44 L. E. 65.

[1] Tolman *v.* Company (Dak.), 22 N. W. 505.

[2] Taylor *v.* Company, 6 Ohio, 83; State *v.* Association, 35 O. St. 258.

[3] Bank *v.* Wickersham, 34 Cal. 444; Clapp *v.* Peterson, 104 Ill. 26.

[4] See McNeely *v.* Woodruff, 13 N. J. Law, 352; Brewster *v.* Hartley, 37 Cal. 15.

[5] See Tolman *v.* Company (Dak.), 22 N. W. 505.

[6] Franklin Bank *v.* Commercial Bank, 36 O. St. 258; Central Ry. Co. *v.* Collins, 40 Ga. 582; First Nat. Bank *v.* Nat. Exchange Bank, 92 U. S. 122; Knowles *v.* Sandercock, 107 Cal. 629; 40 Pac. 1047.

[7] Hill *v.* Nisbet, 100 Ind. 341; Peshtigo Co. *v.* Company, 50 Ill. App. 624; S. P. T. Co. *v.* Company, 50 Minn. 93; 52 N. W. 274; Steamship Co. *v.* Company, 28 La. An. 173.

[8] N. S. Co. *v.* Horton (Neb.), 93 N. W. 225; De La Vergne Refrigerating Machine Co. *v.* German Savings Institution, 175 U. S. 38; 20 S. Ct. 20.

[9] Lagrone *v.* Timmerman, 46 S. C. 372; 24 S. E. 290.

In Alaska, District of Columbia, and Georgia corporations are forbidden by statute to hold stock in other corporations.

§ 20. **Power to consolidate with other Corporations.** — Corporations cannot consolidate as against dissenting stockholders, however desirable or beneficial the consolidation may be, unless legislative authority is granted to that end.[1] In the exercise of the police power of the State it may lawfully prohibit the consolidation of corporations.[2]

Consolidation of corporations to a greater or less extent is permitted by statute at the present time in the States of Alabama, California, Connecticut, Delaware, Illinois, Kentucky, Maine, Montana, Nevada, New Jersey, New York, North Carolina, Virginia, and West Virginia. An attempt has been made to lay down the rule that in order to effect a lawful consolidation as between two corporations, the power to so consolidate must be conferred by each of the States under whose laws they were created.[3] A better rule, however, and the only practicable one seems to be this: That either statutory power to dispose of all the assets of the corporation, or in the absence thereof, the consent of all the stockholders must be obtained to the sale of the assets of one corporation to another. Consolidation in this way then takes the form of a selling out and of accepting money or shares in the new corporation in return for the assets of the old.[4]

§ 21. **Power to transact all or any Part of the Corporate Business outside of the State of its Domicile.** — If there are no statutory restrictions, a corporation has implied power to carry on its business at any place within the State in which its charter is procured.[5] The statutory requirement requiring the corporation to fix in the articles its principal place of business does not prohibit under ordinary circumstances the transaction of other business within the State.[6]

Long ago in Bank of Augusta *v.* Earle[7] Chief Justice Taney,

[1] Pearce *v.* Ry. Co., 91 How. 341; Hill *v.* Nisbet, 100 Ind. 341; People *v.* Company, 121 N. Y. 582; 24 N. E. 834; L. & N. Ry. Co. *v.* Kentucky, 161 U. S. 677.

[2] L. & N. Ry. Co. *v.* Kentucky, 161 U. S. 677.

[3] Id.

[4] Matter of Prospect Park, etc. Ry. Co., 67 N. Y. 371; Toledo, etc. Ry. Co. *v.* Company, 95 Fed. 497; 36 C. C. A. 155; Lanman *v.* Company, 30 Pa. St. 42; Racine, etc. Ry. Co. *v.* Company, 49 Ill. 331.

[5] Ashley Wire Co. *v.* Company, 60 Ill. App. 179; City Bank *v.* Beech, 1 Blatchford, 425; Stickle *v.* Company (N. J. Eq.), 32 Atl. 708; Underwood *v.* Waldron, 12 Mich. 73; Berthin *v.* Company, 28 La. An. 210; Lane *v.* Bank, 9 Heisk. (Tenn.) 419.

[6] Potter *v.* Bank, 5 Hill (N. Y.), 490.

[7] 13 Peters, 519.

commenting upon the right of a corporation to transact business beyond the limits of the domiciliary State, spoke as follows:

"It is very true that a corporation can have no legal existence out of the boundaries of the sovereignty by which it is created. It exists only in contemplation of law, and by force of the law; and where that law ceases to operate, and is no longer obligatory, the corporation can have no existence. It must dwell in the place of its creation and cannot migrate to another sovereignty. But although it must live and have its being in that state only, yet it does not by any means follow that its existence there will not be recognized in other places; and its residence in one state creates no insuperable objection to its power of contracting in another. It is indeed a mere artificial being, invisible and intangible; yet it is a person for certain purposes in contemplation of law. . . . Natural persons through the intervention of agents are continually making contracts in countries in which they do not reside; and where they are not personally present when the contract is made; and nobody has ever doubted the validity of these agreements. And what greater objection can there be to the capacity of an artificial person, by its agents, to make a contract within the scope of its limited powers, in a sovereignty in which it does not reside; provided such contracts are permitted to be made by them by the laws of the place." [1]

The strictly legal existence of a corporation is confined to the State which created it, and it can exercise its powers in another State only by permission, express or implied, of the legislative power thereof; but the mere right to purchase and sell property will be recognized and protected in any State subject only to the limitations that the exercise of such right shall not be contrary to the laws or settled policy of the latter State or prejudicial to its interests or those of its citizens. Unless the Constitution or statutes declare a contrary rule, the courts of another State are bound to recognize the right of a foreign corporation to collect debts due to it, by receiving a conveyance of land.[2]

In order, however, to avoid complications that might possibly arise through hostile action on the part of stockholders or of foreign States, statutes have been enacted in a number of the Common-

[1] See Hall *v.* Company, 91 Ala. 363; 8 So. 348.

[2] Thompson *v.* Waters, 25 Mich. 214.

wealths expressly authorizing the transaction of business in foreign states and jurisdictions.[1]

Under the progressive incorporation acts in force in many of the States at the present time it is unquestionably permissible to organize corporations in one State for the exclusive purpose of transacting their entire business in other States and Territories.[2]

§ 22. **Power to perform Constituent Acts outside of the Domiciliary State.** — By constituent acts is meant such corporate transactions as are separate and apart from its ordinary business dealings with third parties; such, for example, as the organization of the corporation in the first instance, the adoption of by-laws, the issuance of stock certificates, the election of directors and officers, and the holding of stockholders' meetings.[3] As a general rule such constituent acts cannot be performed without the domiciliary State.[4]

The legislature may, of course, authorize the performance of constituent acts beyond the limits of the State. This has been done in a number of the Commonwealths. It is probably safe to say that aside from organization meetings the presence of stockholders of the corporation at a meeting held without the State will estop them from attacking the validity of the proceedings had at such meeting.[6]

§ 23. **Power to extend Corporate Existence.** — In twenty-seven

[1] Ashley Wire Co. *v.* Company, 60 Ill. App. 179; Kennebec Co. *v.* Company, 72 Mass. 204; Aspinwall *v.* Company, 20 Ind. 492; Blodgett *v.* L. Z. Company, 120 Fed. 893.

[2] Sec. Nat. Bank *v.* Hall, 35 O. St. 158; M. L. & S. Co. *v.* Reinhard, 114 Mo. 218; 21 S. W. 488; O. M. Co. *v.* Garst, 18 R. I. 484; 28 Atl. 973; People *v.* Company, 153 Ill. 25; 38 N. E. 752; Tilley *v.* Coykendall, 172 N. Y. 87; 65 N. E. 574; Minn., etc. Co. *v.* Denslow, 46 Minn. 171; 48 N. W. 771; Wright *v.* Lee, 2 S. D. 596; 51 N. W. 706; A., etc. R. R. Co. *v.* Fletcher, 35 Kan. 236; 10 Pac. 596; North, etc. Stock Co. *v.* People, 147 Ill. 234; 35 N. E. 608; Canada S. Ry. Co. *v.* Gebhard, 109 U. S. 527; 3 S. Ct. 363; Cowell *v.* Springs Co., 100 U. S. 55; Hastings *v.* Anacortes, etc. Co., 29 Wash. 224; 69 Pac. 776; Irvine Co. *v.* Bond, 74 Fed. 849.

[3] See McCall *v.* Company, 6 Conn. 428; Galveston, etc. Ry. Co. *v.* Cowdrey, 11 Wall. 459; 20 Law. Ed. 199.

[4] Commonwealth *v.* Smith, 45 Pa. St. 59; Smith *v.* Company, 64 Md. 85; 20 Atl. 1032; Tuckasegee Mining Co. *v.* Goodhue, 118 N. C. 981; 24 S. E. 797; Camp *v.* Byrne, 41 Mo. 525; F. T. L. Co. *v.* Laigle, 59 Tex. 339; Craig Co. *v.* Smith, 163 Mass. 262; 39 N. E. 1116; Bellows *v.* Todd, 39 Iowa, 209; Hodgson *v.* Company, 46 Minn. 454; 49 N. W. 197; Harding *v.* Company, 182 Ill. 551; 55 N. E. 577; Jones *v.* Company, 20 Col. 417; 38 Pac. 700; Mack *v.* Company, 90 Ala. 396; 8 So. 150; Aspinwall *v.* Company, 20 Ind. 492; Courtright *v.* Deeds, 37 Iowa, 503.

[6] Handley *v.* Stutz, 139 U. S. 417; Galveston, etc. Ry. Co. *v.* Cowdrey, 11 Wall. 459; see also Humphreys *v.* Mooney, 5 Col. 282.

of the Commonwealths perpetual existence is permitted in the incorporation of companies therein. The power to extend such existence is not of any material importance in these Commonwealths. Twenty-five of the incorporation acts specifically provide for the extension of corporate existence. Without such statutory authority corporate existence cannot be extended.[1]

In some of the States extension of corporate existence must be accompanied by the payment of an organization tax, as is the case of new corporations. Thus, in New Jersey, where such a provision exists, it has been held that such tax must be paid even though the extension of the corporate existence was obtained in the guise of an amendment to the charter.[2]

§ 24. **Power to change the Corporate Name.** — Without statutory authority so to do corporations cannot change their name.[3] If the proposed change of name conflicts with the name of an existing domestic corporation, State officials are justified in refusing to allow the certificate showing the adoption of the new name to be filed.[4]

Some of the States, as, for example, New York and California, only permit change of name by application to the courts.

§ 25. **Power to increase or decrease Capital Stock.** — A corporation has no implied power to either increase or decrease the capital stock.[5] Such power must be conferred in express terms by the incorporation act under which the corporation is organized.[6]

Power to increase or decrease capital stock vests in the stockholders and not in the directors.[7] Frequently incorporation acts provide that the stock shall not be diminished to less than the amount of the corporate debts. Such is the case in California and other States. Certificates of stock issued on a fictitious increase of stock are void.[8]

§ 26. **Power to issue Preferred Stock.** — Stockholders enjoying

[1] See *post*, sec. 120.

[2] National Lead Co. *v.* Dickinson (N. J.), 57 Atl. 138.

[3] Sykes *v.* People, 132 Ill. 32; 23 N. E. 391; C. D. & M. Ry. Co. *v.* Keisel, 43 Ia. 39; Glass Co. *v.* Company, 32 Ind 376.

[4] *In re* U. S. M. Rep. Agency, 115 N. Y. 176; 21 N. E. 1034; People *v.* Company, 111 Mich. 405; 69 N. W. 653.

[5] Ins. Co. *v.* Kamper, 73 Ala. 325; Pullman *v.* Upton, 96 U. S. 328.

[6] Sutherland *v.* Olcott, 95 N. Y. 93; Crandall *v.* Lincoln, 52 Conn. 73; G. L. & H. Insurance Co. *v.* Kamper, 73 Ala. 325; Palmer *v.* Bank, 72 Minn. 266; 75 N. W. 380; Detroit Chamber of Commerce *v.* State Secretary, 109 Mich. 691; 67 N. W. 897.

[7] C. C. Ry. Co. *v.* Allerton, 18 Wall. 233.

[8] Beitman *v.* Steiner, 98 Ala. 241; 13 Sou. 87.

preferential or additional rights not enjoyed by the holders of common shares are called "preferred stockholders." The issuance of preferred stock is a mode by which a corporation obtains funds for its enterprise, without borrowing money or contracting a debt.[1] The question as to whether or not preferred stock may be issued by corporations without express authority by law is a somewhat difficult one to settle. In twenty-five of the States the question is settled by the existence of statutes expressly authorizing the issuance of preferred stock, and even in those States where no such statutes exist it is, with some few exceptions, the custom of the State officials to permit the insertion in the articles of incorporation of provisions authorizing the issuance of preferred stock. The action of such officials is certainly conclusive as against all the world except the State.[3]

The true rule governing the matter now before us is, in the opinion of the writer, best set forth in the case of Campbell *v.* American Zylonite Company.[4] In this case the articles of incorporation divided the capital stock of the corporation into shares, equal in amount and value. Some time after incorporation one of the stockholders executed a blank assignment of certain stock owned by him to a third party as security for a loan. Subsequently all the stockholders, except the owner of this pledged certificate, at a meeting duly called for that purpose, voted to surrender to the corporation, without consideration, forty per cent of their stock, and authorized the corporation to reissue this forty per cent in the form of preferred shares. The legality of this act was contested by the holder of the pledged certificate, and in passing upon the legal question involved, the court spoke as follows:

"The right of every shareholder to his proportion of the profits of the corporation was vested, and in the absence of some power to change the relative value of the shares conferred by statute or by the articles of incorporation, no change could be made without the consent of all the shareholders. . . . The assignee of shares having possession of the certificates, although holding under unregistered transfers, are not bound by contracts between the registered shareholders, the corporation and all the other shareholders which are not within the express or implied powers of corporations or of their shareholders. As between the assignor and the assignee, the unregistered

[1] Chaffee *v.* Company, 55 Vt. 110.

[3] See Hamlin *v.* R. R. Co., 78 Fed. 670.

[4] 122 N. Y. 455; 25 N. E. 853.

assignment was not void. It follows that the change in the relative value of the shares which this corporation and its registered shareholders sought to effect was not within the express or implied powers conferred upon the corporation or shareholders, and that their action is not binding upon the holder of the assigned certificate who did not consent to the issuance of the preferred shares."

In Kent *v.* Quicksilver Company [1] the court addressing itself to the question now before us, spoke as follows:

"There arises the query whether there was power in the corporation to distinguish between the stockholders in it to form them into two classes, and to give to one class rights in the corporate property and business and earnings from which the other was shut out. We are not prepared to say that at the first the corporation might not have lawfully divided the interest in its capital stock into shares arranged in classes, preferring one class to another in the right which they should have in the profits of the business. The charter gave power to make such by-laws as it might deem proper consistent with Constitution and law. We know of nothing in the Constitution or the law that inhibits a corporation from beginning its corporate action by classifying the shares of its capital stock, with peculiar privileges to one share over another, and thus offering its stock to the public for subscriptions thereto. No rights are got until a subscription is made. Each subscriber would know for what class of stock he put down his name, and what right he got when he thus became a stockholder. There need be no deception or mistake, there would be no treading upon rights previously acquired; no contract, express or implied, would be broken or impaired. Shares of stock are in the nature of choses in action, and give the holder a fixed right in the division of profits or earnings of the company so long as it exists, and of its effects when it is dissolved. That right is as inviolable as is any right in property, and can no more be taken away or lessened against the will of the owner than can any other right, unless power is reserved in the first instance, when it enters into the constitution of the right; or is properly derived afterward from a superior law giver. It is manifest that any action of a corporation which takes hold of the shares of its capital stock already sold and in the hands of lawful owners, and divides them into two classes, — one of which is thereby given prior right to a receipt of a fixed sum from the earnings before the other may have any receipt therefrom, and is given an equal share afterward with the other in what earnings may remain, — destroys the equality of the shares, takes away a right

[1] 78 N. Y. 167.

which originally existed in it, and materially varies the effect of the certificate of stock. It is said that when a corporation can lawfully buy property or get money on loan, any known assurance may be exacted and given which does not fall within the prohibition, express or implied, of some statute. But the prohibition to such action as this is found not, indeed, in a statute commonly so called, but in the constitutional provision which forbids the impairment of vested rights, save for public purposes and on due compensation. The right which a stockholder gets on the purchase of his share, and the issue to him of the certificate therefor, is such a vested right. It is contended that the power so to do is an incidental and implied power necessary to the use of the other powers of the corporation, and is a legitimate means of raising money before securing the agreed consideration therefor. We have already conceded that it is legitimate to borrow money and to secure the repayment of it with a compensation for the use of it. But that is when it is done in such way as to put the burden upon every share of stock alike, and to enable every share of stock to be relieved therefrom alike; in such way as to preserve the equality of right and privilege and value of the shares, and maintain intact the contract thereto with the stockholders.

"We are, therefore, of the opinion that there was no power in the corporate body, nor in a majority of the stockholders, to provide by by-law for the creation of a preferred stock, so as to bind a minority of the stockholders not assenting thereto."

In what has been stated a most important principle has been referred to, which, it is believed, is controlling upon the question at hand. This principle to which reference is here made is that the charter proceeds from the State, and that nothing can be legally done by the corporation acting through its stockholders not authorized either by statute or by the charter itself. Thus it is clear that in these States where the statutory right to issue preferred stock is not granted and the charter itself only provides for common stock, no preferred stock can be legally issued by the stockholders as against the State, except by amending the charter itself. This, too, even where the stockholders consent.[1]

This question is likely to be presented in a troublesome form where common stock has been pledged to creditors before the preferred stock was issued.[2]

From a careful examination of the authorities it may be said

[1] Knoxville, etc. Co. *v.* City of Knoxville, 98 Tenn. 1; 37 S. W. 883.

[2] See generally Lockhart *v.* Van Alstyne, 31 Mich. 76; McGregor *v.* Insurance

that in order to constitute an issue of preferred stock valid as against all the world, there must be a statute authorizing it, or provision therefor inserted in the charter. To make the issue valid as against all but the State, the consent of all of the holders of common stock to the issuance of preferred stock is, doubtless, all that is necessary.[1] It is hardly necessary to add, in addition to the foregoing, that the total amount of common stock added to the preferred stock so issued must not in any case exceed the total authorized capital stock of the corporation.

The rights of holders of preferred stock depend upon the terms of the statute or of the charter or by-law authorizing it.[2] Ordinarily the power to authorize the issuance of preferred stock vests in the stockholders and not in the directors.[3]

Where a portion of the stock of the corporation is issued as preferred, no creditor of the corporation can object, provided the money paid for the stock reaches the treasury of the corporation, and the dividends on the stock are not to be paid except out of net profits.[4] Unless the statute provides otherwise, preferred stockholders may be deprived of the right which they would otherwise have, to vote their stock in the same manner as common stockholders.[5] This is commonly done either by charter provision or by a by-law adopted before any preferred stock is issued.

Preferred stock cannot be lawfully issued with the provision that it shall bear interest absolutely.[6] In order to make preferred stock a lien upon the corporate assets statutory authority is necessary.[7]

Co., 33 N. J. Eq. 181; Higgins *v.* Lansingh, 154 Ill. 301; 40 N. E. 362; Covington, etc. Co. *v.* Sargent, 1 Cinn. Sup. Ct. 354; Elevator Co. *v.* Memphis, etc. Co., 85 Tenn. 703; 5 S. W. 52; March *v.* Eastern R. R. Co., 43 N. H. 515; Bates *v.* Androscoggin, etc. R. R. Co., 49 Me. 491; Prouty *v.* Mich., etc. R. R. Co., 1 Hun, 655; Kent *v.* Quicksilver Min. Co., 12 Hun, 53; Jones *v.* Terre Haute, etc. Co., 57 N. Y. 196; Hoyt *v.* Quicksilver Mining Co., 78 N. Y. 159; s. c. 9 Week. Digest, 187, aff'g 17 Hun, 169; Curry *v.* Scott, 54 Pa. St. 270; Sturges *v.* E. Un. Ry. Co., 7 De Gex, M. & G. 158; Matthews *v.* Gt. Northern R. R. Co., 28 L. J. Ch. 375; Green's Brice Ultra Vires, 145; Hutton *v.* Scarborough Hotel Co., 2 Drew & Sim. 514; Hook *v.* Gt. Western Ry. Co., 3 L. R. Ch. 262; Henry *v.* Gt. Northern Ry. Co., 4 K. & J. 1; 27 L. J. Ch. 1; Corry *v.* Londonderry, etc. Co., 29 Beav. 272; 3 L. J. Ch. 290; Coates *v.* Nottingham Water Works Co., 30 Beav. 86.

[1] Higgins *v.* Lansingh, 154 Ill. 301; 40 N. E. 362.

[2] Scott *v.* B. & O. R. R. Co., 93 Md. 75; 49 Atl. 327.

[3] See Coit *v.* Freed, 15 Utah, 426; 49 Pac. 533.

[4] First Nat. Bank of Peoria *v.* Peoria Watch Co., 191 Ill. 128; 60 N. E. 859.

[5] Lockhart *v.* Van Alstyne, 31 Mich. 76; Mackintosh *v.* Company, 32 Fed. 350; Miller *v.* Ratterman, 47 O. St. 141.

[6] Winscott *v.* Investment Co., 63 Mo. Ap 367.

[7] Continental Trust Co. *v.* Toledo, etc. Ry. Co., 72 Fed. 92.

§ 27. **Power to change the Corporate Purposes.** — In the early days the right of amendment, when the same related to altering the original purposes of corporations, was jealously guarded and limited both by statute and by judicial construction. In later years there has been evinced greater liberality in this regard, as evidenced by granting to corporations unlimited power of amendment. The only real difficulty in this connection arises when an attempt is made to so completely change the original purposes for which a corporation was formed as in effect to create a new corporation. Under the Pennsylvania Incorporation Act governing amendments, it was held that this could not be done.[1]

The present attitude of the courts on this subject is well shown by a recent New Jersey decision, — that of Meredith *v.* New Jersey Zinc & Iron Company.[3] In this case the right of amendment, even when producing fundamental changes in the corporate purposes, was sustained.[4]

It appears clear that under the liberal power of amendment existing to-day in the majority of the States, any changes may be made, no matter how fundamental, by the consent of all the stockholders. And where the matter is simply one between the corporation and the State, the right to make such an amendment cannot, in the States referred to, be questioned when adopted by the requisite number of stockholders.

§ 28. **Power to change Number of Directors.** — Only in those States where the number of directors is required to be fixed in the articles, is it necessary to have statutory authority to change the same. In other States the matter of amendment may be regulated by the by-laws. However, in the larger number of the Commonwealths, the power to amend the articles with reference to changing the number of directors is required to be based upon express statutory authority so to do.[5]

[1] *In re* Pennsylvania Bottling Co., 19 Pennsylvania County Court Reports, 593. See also State *v.* Taylor, 53 Iowa, 759; 6 N. W. 39.

[3] Meredith *v.* Company, 59 N. J. Eq. 257; 44 Atl. 55. See also sec. 112, *post.*

[4] See also Grand River College *v.* Robertson, 67 Mo. App. 329; Mercantile Statement Co. *v.* Kneal, 51 Minn. 263; 53 N. W. 632; Bowie *v.* Grand Lodge, 99 Cal. 392; 34 Pac. 103; Day *v.* Company, 75 Ia. 694; 38 N. W. 113; Stickle *v.* Liberty Cycle Mfg. Co. (N. J. Eq.), 32 Atl. 708; Banet *v.* Company, 13 Ill. 504; Ross *v.* Company, 77 Ill. 134; Pac. Ry. Co. *v.* Renshaw, 18 Mo. 210; Ashton *v.* Burbank, 2 Dill. (U. S.) 435; Del. Ry. Co. *v.* Thorp, 1 Hurst (Del.), 149; M. B. Ry. Co. *v.* Sullivan, 37 Ga. 240; Com. *v.* Cullen, 13 Pa. St. 133.

[5] Matter of Griffing Iron Co., 63 N. J. Law, 168; 41 Atl. 9311; 63 N. J. Law, 357; 46 Atl. 1097.

§ 29. **The Power to change the Corporate Domicile and Principal Place of Business.** — As will hereafter be seen, it is essential to corporate existence the corporation should have a home.[1] It is the naming of the domiciliary office in the articles which fixes the residence of the corporation for jurisdictional purposes, and fixes the usual place for holding stockholders' and directors' meetings. If it is desired to change the domicile, or if the location of the corporation's principal place of business is to be transferred from one place to another, an amendment to the articles must be had under legislative sanction.[2] It should, however, be noted in this connection, that the corporation's domicile and its principal place of business are not necessarily one and the same thing.[3]

Again, if, as is the case in some States, the name of the agent upon whom process upon the corporation may be served, is required to be set forth in the articles, in order to lawfully substitute a new agent, an amendment to the articles is necessary, made pursuant to statutory authority given in the premises.[4]

§ 30. **Power to acquire and enforce a Lien upon Stock to secure the Payment of Debts Due the Corporation.** — In a large number of the States statutes exist expressly granting to corporations the right to enforce a lien upon the stock of its members for the purpose of securing the payment of debts due from such members to the corporation.

The courts are not by any means in entire agreement as to whether statutory authority to enforce such a lien is essential to its validity. Some courts, of excellent repute, maintain the affirmative, and others take the opposite view.[6] It seems fairly certain that at common law such a right did not exist.[7]

The true view appears to be that while at common law a corporation had no lien on the shares of its capital stock for the debts due it from the stockholders, nevertheless such a lien may be acquired either when given by statute or when such right is

[1] See *post*, sec. 54.

[2] See Stickle *v.* Liberty Cycle Mfg. Co. (N. J. Eq.), 32 Atl. 708; Kennett *v.* Company, 68 N. H. 432; 39 Atl. 585; Harris *v.* McGregor, 29 Cal. 124.

[3] Van Etten *v.* Eaton, 19 Mich. 187; McConnell *v.* Company (Mont.), 74 Pac. 194.

[4] See Johnson *v.* Mason Lodge, 21 Ky. Law Rep. 493; 51 S. W. 620.

[6] Costello *v.* Company, 69 N. H. 405, 43 Atl. 640; Young *v.* Vough, 23 N. J. Eq. 325; Moore *v.* Bank, 52 Mo. 377; *In re* Klaus, 67 Wis. 401; 29 N.W 582; Farmers', etc. Bank *v.* Wasson, 48 Ia. 336; Cont. T. R. Co. *v.* Toledo, etc. Ry. Co., 72 Fed. 92.

[7] Brinkerhoff, etc. Co. *v.* Company, 118 Mo. 447; 24 S. W. 129.

preserved by inserting provisions therefor in the Articles of Incorporation, or by the passage of a valid by-law, or by inserting a provision therefor in the stock certificates.[1]

§ 31. **Power to levy Assessments against the Stockholders with the Right to forfeit their Stock for Non-payment thereof.** — With some few exceptions the right to forfeit stock for non-payment of valid assessments levied against it is preserved by statute in most of the States and Territories. Even in the absence of such statute the right to forfeit stock for non-payment of valid assessments when given to the corporation by its by-laws will probably be enforced by the courts. In any event the common law remedy would exist, giving the corporation the right to recover judgment against the delinquent stockholders for the amount of such assessments.[3]

In all cases the right to forfeit stock is considered to be merely a cumulative remedy.[4] The right to levy assessments upon stockholders does not exist after payment by such stockholders for their stock in full, unless the power to do so is conferred either by statute, by the articles of incorporation, or by the unanimous consent of all the stockholders.[5] But even in the absence of express power to declare a forfeiture of stock for non-payment, a corporation may sue for amount of subscription to the capital stock, and on failure to collect the amount subscribed may secure payment by sale of stock subscribed.[6]

On the general subject of assessments the following may be said: provisions for the forfeiture of capital stock for the non-payment of assessments must be just and reasonable in order to be valid.[7] The terms of the statute in any event must be strictly complied with.[8] The power to levy assessments rests in the directors by virtue of their office and not in the stockholders.[9] Even where

[1] Union Bank *v.* Laird, 2 Wheaton (U. S.), 390; St. Louis Per. Ins. Co. *v.* Goodfellow, 9 Mo. 149; Van Sands *v.* Bank, 26 Conn. 144; Sargent *v.* Insurance Co., 25 Mass. 90. See also Atchison Bank *v.* Durfee, 118 Mo. 431; 24 S. W. 133; V. G. B. Co. *v.* Bloede, 84 Md. 129; 34 Atl. 1127; Bishop *v.* Globe Co., 135 Mass. 132.

[3] San Joaquin *v.* Beecher, 101 Cal. 70; 35 Pac. 349.

[4] M. F. & N. Co. *v.* Hall, 121 Mass. 272; Raymond *v.* Caton, 24 Ill. 123; Lesseps *v.* Architects' Co., 4 La. Ann. 316.

[5] Enterprise Ditch Co. *v.* Moffitt, 58 Neb. 642; 79 N. W. 560; Duluth Club *v.* McDonald, 74 Minn. 254; 76 N. W. 1128; State *v.* Association, 23 N. J. Law, 195; Sullivan Co. Club *v.* Butler, 26 N. Y. Miscellaneous Reports, 306; Mayberry *v.* Meade, 80 Me. 27; 12 Atl. 635; Price's Appeal, 106 Pa. St. 421; Weeks *v.* Company, 55 N. Y. Sup. Ct. 1.

[6] Chase *v.* Company, 5 Lea (Tenn.), 415.

[7] Crissey *v.* Cooke, 67 Kan. 20; 72 Pac. 541.

[8] P. G. T. R. Co. *v.* Graham, 11 Metcalf, 1.

[9] Chouteau Ins. Co. *v.* Floyd, 74 Mo. 286.

the statute expressly gives power to the stockholders to levy assessments they may doubtless delegate this power to directors.[1] Directors, however, cannot lawfully delegate such power to ministerial officers.[2]

§ 32. **Power to authorize Voting by Proxy at Stockholders' Meetings.** — At common law the right of stockholders to vote by proxy was not recognized. The right in order to be available must be granted either by statute, charter, or appropriate by-law.[3] Voting by proxy is not however *per se* unlawful.[4] Therefore the right may be secured to stockholders by appropriate by-law duly passed even without a statute authorizing it.[5]

§ 33. **Power to permit Cumulative Voting at Election of Directors.** — The right of cumulative voting exists where a stockholder has a number of votes equal to the number of shares held by him multiplied by the number of directors to be chosen, and is allowed to cast or distribute them as he sees fit. The purpose thereof is to secure minority representation on the board of directors. To authorize cumulative voting the right must be preserved either by constitutional, statutory, or charter provision or by the passage of a by-law looking to that end.[6]

If the right is conferred absolutely by constitutional or statutory provision, it cannot be taken away by means of a by-law or resolution denying such right to stockholders.[7]

In twenty-one of the Commonwealths the right to cumulate votes is secured to stockholders either by constitutional enactment or by statutory provision.

§ 34. **Power to issue Stock as full paid in Exchange for Property or Services.** — In the quaint wording of an English case, "stock must be paid for, in the absence of constitutional or statutory provision providing otherwise, "in meal or in malt;" that is, in money or in money's worth.[9] Forty of the States have enacted laws authorizing the payment of stock not only in cash but in

[1] Rives *v.* Company, 30 Ala. 92.

[2] *In re* County Palatine L. & D. Co., L. R. 9 Ch. 691.

[3] Harvey *v.* Company, 118 N. C. 693; 24 S. E. 489; People *v.* Crossley, 69 Ill. 195; McKee *v.* Company (Ia.), 98 N. W. 609.

[4] M. & O. Railroad Co. *v.* Nicholas, 98 Ala. 92; 12 Sou. 723.

[5] State *v.* Tudor, 5 Day (Conn.), 329; Commonwealth *v.* Detwiler, 131 Pa. St. 614; 18 Atl. 990.

[6] Pierce *v.* Commonwealth, 104 Pa. St. 150; Schmidt *v.* Mitchell, 101 Ky. 570; 41 S. W. 929; State *v.* Stockley, 45 O. St. 304; 13 N. E. 279; State *v.* Greer, 78 Mo. 188; Baker's Appeal, 109 Pa. St. 461.

[7] Tomlin *v.* Bank, 52 Mo. App. 430; Commonwealth *v.* Yetter, 190 Pa. St. 488; 43 Atl. 226.

[9] Drummond's Case, L. R. 4 Ch. 772.

services or property. Some of the States — for example, Alabama and Virginia — have somewhat elaborate provisions on the subject.

Thus, in Alabama, stock may be issued in exchange for all such real and personal property as may be necessary or convenient for the efficient construction, operation, and maintenance of its works or plants, lines, shops, factories, or other buildings, or for the conduct and management of its business or as its purposes may require.[1]

In Virginia the new Incorporation Act authorizes subscriptions to the capital stock to be paid for in money, land, or other property, real or personal, leases, options, mines, minerals, mineral rights, patent rights, rights of water or easements, contracts, labor, or services.[3]

Even in those few Commonwealths where no statutes exist authorizing the payment of stock in property or services, the courts will presume that corporations have inherent power to purchase property and labor and pay for the same in stock instead of money, provided the transaction whereby the stock is to be issued in exchange for such property or services is made in good faith and no fraud is perpetrated upon stockholders or creditors.[4]

The statute to prohibit absolutely the payment of subscriptions to the capital stock in property or services must be clearly restrictive in character.[5] The only effect apparently of the absence in particular Commonwealths of any provision, constitutional or statutory, authorizing the payment of stock in property or services, is to induce the courts to adopt what is known as the "true value rule"[6] rather than the "good faith rule."[7] But in the Commonwealths referred to, the character of the property, labor, or services accepted in exchange for stock must be strictly such as the corporation under its charter has the power to acquire, and when property is so taken it must be fairly represented to the corporation and for a just, lawful, and needed equivalent for the money subscribed.[8]

[1] See Alabama Session Laws, 1903, p. 395, sec. 7, subdiv. c.

[3] See Session Laws of Virginia, 1903, chap. 270.

[4] Liebke *v.* Knapp, 79 Mo. 22; Beach *v.* Smith, 30 N. Y. 116; Shannon *v* Stevenson, 173 Pa. St. 419; 34 Atl. 218.

[5] See Knox *v.* Company, 86 Ala. 180; 5 So 578.

[6] See *post*, sec. 104.

[7] See *post*, sec. 105.

[8] Liebke *v.* Knapp, 79 Mo. 22; Powell

§ 35. **Power to dispose of Corporate Assets as an Entirety.** — In ten of the Commonwealths express power is conferred upon corporations to dispose of their entire corporate assets by obtaining the consent of a certain percentage of the stockholders to such disposition. Much controversy has arisen as to whether or not express statutory power is necessary in order to authorize transfer by a corporation of the entire corporate assets. At common law neither the directors nor a majority of the stockholders had power to sell or otherwise transfer all of the property of an acting and prosperous corporation able to achieve the objects of its creation as against the dissent of a single stockholder.[1]

The view is taken by the New Jersey court in Coler *v.* Company[3] that the sale of the corporate assets as an entirety is equivalent to a dissolution, and therefore can only be done through the courts under statutory authority. Many courts, however, take the view that it can be done where it is not in fraud of the rights of creditors or in violation of charter or statutory restrictions, and this, too, by a majority of the stockholders against the dissent of a minority where the exigencies of the business seem to require it.[4] Thus, it has been asserted that "it is a well settled rule that a strictly private corporation has the same right to dispose of its property that an individual has, and that when insolvent or in a failing condition it may sell all thereof without the consent of all of the stockholders. It is the general rule, however, that neither the directors nor a majority of the stockholders of a corporation have power at common law to sell or otherwise transfer all its property while the corporation is a going, prosperous concern against the dissent of any shareholder."[5]

It may be added in this connection that the right to exist as a

v. Murray, 3 N. Y. App. Div. 273; 38 N. Y. Sup. 233; Id. 157 N. Y 717; 53 N. E. 1130; Kimball *v.* Company, 69 N. H. 485; 45 Atl. 253; Montgomery *v.* Company, 48 N. Y. App. Div. 12; 62 N. Y. Sup. 606; Id. 168 N. Y. 657; 61 N. E. 1131.

[1] Forrester *v.* Company, 21 Mont. 544; 55 Pac. 229; Idem, 74 Pac. 1088; People *v.* Ballard, 134 N. Y. 269; 32 N. E. 54; California Bank *v.* Kennedy, 167 U. S. 362; 42 L. E. 198; B. & M. C. C. & S. M. Co. *v.* M. O. P. Co., 89 Fed. 529; Metcalf *v.* A. S. F. Co., 122 Fed. 115; Traer *v.* Company (Ia.), 99 N. W. 290.

[3] 64 N. J. Eq. 117; 53 Atl. 680.

[4] Treadwell *v.* Company, 7 Gray (Mass.), 393; Martin *v.* Zellerbach, 38 Cal. 300; Miners' Ditch Co. *v.* Zellerbach, 37 Cal. 543; Featherstonhaugh *v.* Company, L. R. 1 Eq. 318; Bartholomew *v.* Company, 69 Conn. 521; 38 Atl. 45.

[5] Traer *v.* Company (Ia.), 99 N. W. 290.

corporation is not alienable.[1] The sale of all the corporate property does not operate to dissolve the corporation.[2]

§ 36. **Power to voluntarily dissolve the Corporation without Recourse to the Courts.** — The dissolution of a corporation is a peculiar function that rests primarily in the legislature, and is conferred upon courts or upon the corporation itself, only by explicit legislative authority.[3] Stockholders, in the absence of statutory provision, cannot extinguish the corporate charter or dissolve the corporation, nor can a court of equity accomplish a similar result at their instance.[4] In all the States some provision is made for dissolution of corporations. For example, in Alabama, Connecticut, New Jersey, North Carolina, Virginia, and West Virginia the incorporators have the right to surrender the charter before organization. In twenty-seven of the Commonwealths corporations may be dissolved under statutory authority without recourse to the courts.

The doctrine that dissolution can only be effected by the joint act of the State and corporation is set forth in a Massachusetts case as follows:[6] "Charters are in many respects compacts between government and corporators. And as the former cannot deprive the latter of their franchises in violation of the compact, so the latter cannot put an end to the compact without the consent of the former. It is equally obligatory on both parties. The surrender of the charter can only be made by the formal act of the corporation; and will be of no avail until accepted by the government. There must be the same agreement of the parties to dissolve, that there was to form the compact. It is the acceptance which gives efficacy to the surrender. Dissolution of a corporation, it is said, extinguishes all its debts. The power to dissolve itself by its own act would be a dangerous power, and one which cannot be supposed to exist."[7]

In this connection it may be observed that the stockholders

[1] Detroit Citizens' Street Ry. Co. *v.* Common Council, 125 Mich. 673; 85 N. W. 96; Pearce *v.* R. R., 21 How. 441; 16 L. E. 184; State *v.* Company, 40 Kan. 96; 19 Pac. 349.

[2] Miners' Ditch Co. *v.* Zellerbach, 37 Cal. 543; Sullivan *v.* Company, 39 Cal. 459.

[3] Olds *v.* Company (Mass.), 70 N. E. 1022.

[4] Benedict *v.* Company, 49 N. J. Eq. 235; 23 Atl. 485.

[6] Boston Glass Manufactory Co. *v.* Langdon, 24 Pick. 49.

[7] See also Davis *v.* Company, 87 Ala. 633; 6 Sou. 140.

alone have power to surrender the charter.[1] It will be remembered, of course, that the expiration of the time limited by the charter as a corporation's term of existence is held in most jurisdictions to result in the dissolution of such a corporation.[2] But neither insolvency nor sale of all of the corporate property, nor cessation of business operates to dissolve the corporation.[3]

But in the absence of any provision in the charter limiting corporate existence, the corporation is entitled to perpetual life.[4] If the articles provide for a longer period of corporate existence than the law allows, the excess is void.[5] In many of the States statutes exist providing that the corporation shall continue in existence for periods ranging from three to five years after the expiration of the time limited for its existence for the purpose of winding up its affairs.[6]

A majority of the States delegate to the courts the power to dissolve the corporation on application of stockholders or creditors.[7] The fact that certain States make the directors trustees for creditors on dissolution does not necessarily take away the jurisdiction of courts of equity to appoint a receiver.[8] Many States have statutes providing that upon the expiration of the time limited by their charter as the duration of their corporate existence, they shall nevertheless be continued for a certain period of time in order to permit of the winding up of the corporate affairs. Without such statutory provisions suits cannot be maintained against the corporation after such period has expired.[9]

§ 37. **Power to insert in the Charter Provisions for the Regulation of the Internal Affairs of the Corporation.** — The incorporation acts of eighteen of the States contain provisions relative to the contents of certificates of incorporation, authorizing the insertion therein of provisions for the regulation of the business of the corporation, or for the purpose of defining or limiting the powers of the corporation, its officers, directors, and stockholders.

[1] Jones *v.* Bank, 10 Col. 464; 17 Pac. 272; Barton *v.* Association, 114 Ind. 226; 16 N. E. 486.

[2] Mason *v.* Company, 25 Fed. 882.

[3] Davis *v.* Company, 87 Ala. 633; 6 So. 140.

[4] F. L. S. Co. *v.* Clowes, 3 N. Y. 470.

[5] People *v.* Cheeseman, 7 Col. 376; 3 Pac. 716.

[6] Foster *v.* Bank, 16 Mass. 245; Nashville Bank *v.* Petway, 3 Hum. (Tenn.) 522.

[7] See Miner *v.* Company, 93 Mich. 97; 53 N. W. 218; Wheeler *v.* Company, 143 Ill. 197; 32 N. E. 420.

[8] City Pottery Co. *v.* Yates, 37 N. J. Eq. 543.

[9] Nelson *v.* Hubbard, 96 Ala. 238; 11 Sou. 428.

Unless the law expressly permits the insertion of such provisions in the certificate of incorporation, State officials are justified in refusing to accept and file certificates containing such provisions. This generally on the ground that in the absence of statutory provision so authorizing, they are properly the subject of by-laws and not proper for insertion in the certificate of incorporation.[1]

Leaving out of consideration the fact of acceptance by State officials, and approval by them of certificates of incorporation containing such provisions as are here referred to, when there is no statute authorizing the same, the following may be said: The general test as to whether provisions not called for by the statutes are valid when inserted in certificates of incorporation must be determined from their character. If they are not powers, but are merely in the nature of by-laws, they are invalid as not being called for by the statute. If they are powers, but not authorized by statute, to permit such insertion in the certificate of incorporation would be equivalent to saying that the legislature had clothed the incorporators with a number of their legislative functions.[2] On this general subject the opinion of the Supreme Court of Alabama in a leading case in that State is instructive: "It is apparent," observes the court, "that the creation of corporations under general law rather than by special act was not intended to work any essential change in their nature and character. Whether deriving existence from a special law, or from incorporation under the general law, the corporation is an artificial being of legislative creation, having no other powers or properties than such as the law confers, or which may be incidental to their very existence. The mode of incorporation the statutes have carefully prescribed. The persons proposing to be incorporated must file and cause to be recorded in a designated public office a declaration in writing, stating the name of the corporation, the objects for which it is formed, the amount of the capital stock, the number of shares into which it is divided, the names of the stockholders, and the number of shares each may hold. The office and the effect of the declaration the statutes do not leave in doubt —

[1] *In re* Application for charter, 10 Phil. Rep. 130; Van Pelt *v.* Gardner, 54 Neb. 701; 75 N. W. 874; Bent *v.* Underdown, 60 N. E. 307; 156 Ind. 516; Heck *v.* McEwen, 12 Lea, 97; T. A. L. Co. *v.* Massey, 56 S. W. 35; E. P. R. Co. *v.* Vaughan, 14 N. Y. 546; G. L. D. Co. *v.* Perkins (Texas), 26 S. W. 256; Albright *v.* Association, 102 Pa. St. 411; Shoun *v.* Armstrong (Tenn.), 59 S. W. 790.

[2] People *ex rel. v.* C. G. T. Co., 130 Ill. 268; 22 N. E. 798.

when recorded, the persons signing it and their successors become a body corporate by the name stated therein and with the powers conferred by law. It is an acceptance by the corporation, under the name designated, for the objects expressed, of the corporate powers and capacity the law confers, and a statement of the principal constituents of the corporation, — the amount of the capital stock, the names of the stockholders, and the quantity of interest each has in the capital stock. There is no authority of law for introducing more into it, and if more be introduced, it is mere surplusage, not adding to or detracting from the force of the declaration. A controlling purpose, as we suppose, in authorizing or in compelling the creation of corporations under general laws, is to secure uniformity and equality of corporate powers, functions, and privileges; that all corporations of the same class, formed for like purposes, should possess the same capacities and properties, and exercise and enjoy the same franchises and privileges. Unless it was intended to work a radical change in the nature and character of these artificial beings, the mere creatures of the law, and to subvert the whole theory which has prevailed in reference to them, it cannot have been contemplated that they should for themselves create powers and privileges by declaration or reservation, whether the declaration or reservation is expressed in the articles of incorporation or in the by-laws ordered by the corporators for their government. Such declarations or reservations would soon become more liberal and diverse than was the liberality and diversity of the grants of corporate powers by special legislative enactment, the evil it was intended to remove. Of every corporation formed under the general law, the law itself becomes the charter, defines and enumerates the powers which are to be exercised, the nature and extent of corporate franchises and privileges. The declaration of incorporation, the by-laws adopted for corporate government, do not form the charter, or define or enumerate the corporate powers. These are the acts of the corporators. The charter is the grant from the sovereign power of the State, and by that source only can be varied or enlarged." [1]

§ 38. **Power to authorize Directors to adopt By-Laws.** — In a number of the States statutes exist authorizing the directors to adopt by-laws under certain conditions. The conditions here re-

[1] G. L. & H. Ins. Co. *v.* Kamper, 73 Ala. 325.

ferred to are usually either that the right referred to should be expressly inserted in the certificate of incorporation, or, in lieu thereof, that the stockholders expressly delegate this power to the directors. Unless the statute or charter provides otherwise, the by-laws must be adopted by the stockholders.[1] However, where the right to adopt by-laws is expressly limited to the directors, it is exclusive.

§ 39. **Power to authorize Appointment of Executive Committee from the Board of Directors.** — In Connecticut, Delaware, Massachusetts, Nevada, New Jersey, Virginia, and West Virginia statutes exist expressly authorizing directors to appoint an executive committee from their own number to whom may be delegated, to such extent as shall be provided in the by-laws, any of the powers of the board of directors. There has as yet been no fair test in the courts as to the validity of such statutes where an attempt has been made by the directors to practically delegate all their powers to an executive committee. A reasonable view of the matter would seem to be that where the statute clearly conveys such power it is valid when exercised by an executive committee duly appointed from the full board of directors pursuant to the statute in such case made and provided.[3]

The power of the board of directors is not a delegated authority, and when the transaction of the business of the company will be facilitated by the appointment of an executive committee such appointment may unquestionably be made.[4]

§ 40. **Power to enlarge or diminish Corporate Powers.** — The right here referred to becomes one of importance only in those States wherein it is permitted to insert specific corporate powers in the articles of incorporation. The powers here referred to are such, for example, as the right of the corporation to acquire its own stock; to hold stock and bonds in other corporations; to delegate to directors power to adopt by-laws, etc. It will be found that wherever such a right exists the power to amend will be found sufficiently broad to permit of the enlargement or diminishing of

[1] See Norton, etc. Co. *v.* Wysong, 51 Ind. 4; Salem Bank *v.* Bank, 17 Mass. 1; Watson *v.* Company, 56 Mo. App. 145; State *v.* Curtis, 9 Nev. 325.

[3] S. E. L. Co. *v.* Bank, 127 N. Y. 517; 28 N. E. 467; Black, etc. Co. *v.* Holway, 85 Wis. 344; 55 N. W. 418; Andres *v.* Fry, 113 Cal. 124; 45 Pac. 534; Bank *v.* Walton Iron Co., 30 Bull. (Ohio) 382.

[4] Leavitt *v.* Company, 3 Utah, 265; 1 Pac. 356.

corporate powers by complying with the terms of the statute relative to such amendments.[1]

§ 41. **Power to change Par Value of Shares.** — Where the charter fixes the number and par value thereof, a corporation cannot increase or diminish the par value of its shares without legislative sanction.[2] If however the certificate of incorporation says nothing as to the number and par value of shares, they may doubtless be changed by the stockholders of the corporation without legislative sanction.[3]

The legal effect of a change in the number of shares without any corresponding increase or decrease in the par value thereof, is to increase or decrease the capital stock, and this can only be done by permission of the legislature.[4]

In thirty-six of the States the par value of the capital stock may be any amount, while in the remainder such par value is limited from amounts ranging from one dollar to one hundred dollars per share. In some few of the States it will be noted that the provisions of the statutes limiting amendments fail to authorize changes in the par value of the shares of capital stock.

§ 42. **Power of Bondholders to vote at Election of Directors.** — Very few of the States have enacted statutes giving to bondholders the right to participate in the election of directors. Virginia and Delaware are the exceptions to the general rule. Most of the States provide that the board of directors shall be elected by the stockholders, and thus by implication forbid the giving of the right to bondholders to vote at such election.[7] However, if neither by constitutional or statutory provision bondholders are barred from participating in the election of directors, such right may be bestowed upon them either by provision therefor in the charter or by proper by-law duly adopted.[8]

§ 43. **Power to classify Directors.** — Ordinarily the tenure of directors is fixed by statute, and where so fixed these provisions are of course controlling. If the statute requires directors to be elected

[1] Peoria, etc. Co. *v.* Preston, 35 Ia. 115; P., etc. P. R. Co. *v.* Griffin, 21 Barb. 454; Pac. R. Co. *v.* Hughes, 22 Mo. 291.

[2] Droitwich Patent Salt Co. *v.* Curzon, L. R. 3 Ex. 35; Tschumi *v.* Hills, 6 Kan. App. 549; 51 Pac. 619; S. M. D. Cor. *v.* Ropes, 6 Pick. (Mass.) 23.

[3] S. & K. Ry. Co. *v.* Cushing, 45 Me. 534.

[4] Droitwich Patent Salt Co. *v.* Curzon, L. R. 3 Ex. 35.

[7] Durkee *v.* People, 155 Ill. 354; 40 N. E. 626.

[8] State *v.* McDaniel, 22 O. St. 354.

annually, this by implication prohibits the classification of directors for terms in excess of the statutory limit.[1] In a large number of the States statutes exist expressly authorizing classification of directors.

If the statute does not require annual election of directors, there would appear to be nothing illegal in a corporation's classifying its directors in any manner it sees fit so to do, provided (in the absence of statutory regulations) directors hold their office at the pleasure of the corporation.

§ 44. **Power to amend Articles before Organization.** — As has already been seen, the power to amend, if it exists at all, must be derived from the legislature. Very few of the Commonwealths have granted to incorporators the right to amend articles of incorporation before organization. Statutes, however, to that effect exist in Alabama, Connecticut, New York, New Jersey, North Carolina, and Virginia.

§ 45. **Power to surrender Charter before Organization.** — It is often an advantage to a corporation which does not care to avail itself of the right to actively engage in business, to surrender its charter to the State before organization, without going through the expensive and usually complicated proceedings incident to dissolution. Such right is expressly given in Connecticut, New Jersey, North Carolina, Virginia, and West Virginia.[3]

§ 46. **Power given to Minority Stockholders to compel Purchase of their Holdings upon Consolidation.** — In the States of Alabama, Connecticut, Massachusetts, Delaware, and New York statutory protection is afforded to minority stockholders in case the corporation has consolidated with another. The Connecticut statute may be briefly summarized as an example of such statutes.[4]

The act provides that any stockholder in any corporation consolidating, who at the time of such consolidation objects thereto in writing, may, within ten days after the agreement of consolidation has been filed for record in the office of the Secretary of State, demand in writing from the consolidated corporation payment of his stock; and such corporation shall within three months thereafter pay him the value of his stock at the date of

[1] State *v.* McCullough, 3 Nev. 202.

[3] Mumma *v.* Company, 8 Pet. U. S. 281; Taylor *v.* Holmes, 14 Fed. Rep. 498; Houston *v.* Jefferson College, 63 Pa. St. 428; Law *v.* Rich, 47 W. Va. 634; 35 S. E. 858.

[4] Sec. 79, chap. 194, of the Session Laws of 1903.

such consolidation. In case of disagreement as to the value thereof, such value shall be ascertained by three disinterested persons, to be chosen, one by the stockholder, one by the directors of the consolidated corporation, and the third by the two thus selected; and in case their award is not paid within thirty days from this date it shall become a debt of said consolidated corporation and may be collected as such. Upon receiving payment of the amount awarded, such stockholder shall transfer his stock to the consolidated corporation, which shall dispose of it on the best terms attainable.[1]

§ 47. **Incidental Powers, Definition and Enumeration of.** — An incidental power is one that is directly necessary or proper to the execution of an express power, and not one that has a slight or remote relation to it.[2] The term expresses those powers which flow necessarily out of the exercise of the express powers conferred by statute or by charter.[3]

The exercise of a power that might be beneficial to the principal business of the corporation is not necessarily incident to it.[4] The principal incidental powers may be enumerated as follows: (1) power to make contracts; (2) power to borrow money; (3) power to give and accept customary evidences of debt; (4) power to mortgage or pledge real and personal property; (5) power of amotion.

The implied powers which a corporation has in order to carry into effect those expressly granted, and to accomplish the purposes of its creation, are not limited to such as are indispensable for these purposes, but comprise all that are necessary in the sense of appropriate, convenient, and suitable, including the right of reasonable choice of means to be employed. Acts of a corporation which if standing alone or engaged in as a business would be beyond its implied powers, are not necessarily *ultra vires* when they are incidental to or form part of an entire transaction which in its general scope, is within the corporate purpose. The validity of such a transaction is to be determined from its general

[1] See Lanman *v.* Company, 30 Pa. St. 42; Mowrey *v.* Company, 17 Fed. Cas. No. 9891; 4 Bissell, 78; Pittsburg, etc. Ry. Co. *v.* Garrett, 50 O. St. 405; 34 N. E. 493.

[2] Hood *v.* Company, 42 Conn. 112; People *v.* Company, 130 Ill. 268; 22 N. E. 798; People *v.* Company, 175 Ill. 125; 51 N. E. 664.

[3] See U. M. Co. *v.* Bank, 2 Col. 248; Wright *v.* Hughes, 119 Ind. 324; 21 N. E. 907.

[4] Nicollet Nat. Bank *v.* Company, 71 Minn. 413; 74 N. W. 160.

character considered as a whole rather than by segregation into individual parts and each regarded as distinct from the other.[1]

§ 48. **Power to make Contracts.** — A corporation is a creature of law, and may do any act or thing under contract the same as natural persons might do, subject to the rights conferred on it by the law of its creation or by its charter.[2] Where chartered in one State for any purpose, it may lawfully make a contract in furtherance of that purpose in any other State where not prohibited by the laws thereof.[3]

§ 49. **Power to borrow Money.** — The power to borrow money in carrying out the purposes of the corporation's organization is one of the incidental corporate powers.[4] In this connection it may be said that the power to borrow money has been held to imply the power to issue bonds.[5] However that may be, in addition to an enumeration in the statute of the power to borrow money, a majority of the business corporation acts expressly confer the right upon corporations to issue bonds.

§ 50. **Power to give and accept Customary Evidences of Debt.** — This incidental power includes the right of corporations to make notes or bills of exchange, to accept drafts and notes, and to draw checks.[7]

§ 51. **Power to mortgage and pledge Real and Personal Property** — Every corporation has the incidental power to mortgage and pledge its real and personal property in order to procure and secure necessary loans to be made to the corporation.[8] It is sometimes said that a corporation has power to pledge both its issued and unissued shares.[9]

§ 52. **Power of Amotion.** — The power of amotion has reference to the removal of officers and directors. The term "dis-

[1] C. O. N. G. F. Co. *v.* Company, 60 Ohio, 96; 53 N. E. 711; Porter *v.* Company (Mont.), 74 Pac. 938.

[2] Hand *v.* Company, 143 Pa. St 408; 22 Atl. 709; People *v.* Company, 70 N. Y. 569; MacGinniss *v.* Company (Mont.), 75 Pac. 89.

[3] Hall *v.* Company, 91 Ala. 363; 8 Sou. 348.

[4] See Ward *v.* Johnson, 95 Ill. 215; Wright *v.* Hughes, 119 Ind. 324; 21 N. E. 907.

[5] Commonwealth *v.* Smith, 10 Allen (Mass.), 448; Smith *v.* Law, 21 N. Y. 296.

[7] Moss *v.* Averell, 10 N. Y. 449; Lucas *v.* Pitney, 27 N. J. Law, 221; Smead *v.* Company, 11 Ind. 104; Strauss *v.* Company, 52 O. St. 59; Morris *v.* Cheney, 51 Ill. 451.

[8] State *v.* Company, 61 Kan. 547; 60 Pac. 337; Farmers' Bank *v.* Company, 108 Ky. 447; 56 S. W. 719; Savings Trust Co. *v.* Company, 112 Fed. 693.

[9] See U. Savings Ass'n *v.* Seligman, 92 Mo. 635; 15 S. W. 630; Burgess *v.* Seligman, 107 U. S. 20; 2 S. Ct. 10.

franchisement" has reference solely to the deprivation of the right to vote as against stockholders.[1] The right is delegated by statute to the stockholders in fifteen of the Commonwealths. In the absence of such statute there is no power in the stockholders to remove directors before the expiration of their allotted terms, except for cause, provided such terms are fixed by statute.[3]

It seems to have been the rule of the common law that every corporation had an implied power to remove directors for cause when their terms of office were not prescribed by statute.[4] In New York it has been held that the power to remove directors may be covered by by-law.[5]

The main grounds which justify amotion where no statute exists limiting the same, are the conviction of crime on the part of directors, misconduct in office, and violation of statutory provisions.[6] If the charter or statute provides steps which must be taken to remove directors, such statute must be strictly followed.[7] In the exercise of this power the stockholders meet, charges must be preferred, and the director removed by a majority vote.[8] Equity will not interfere in such matters in the absence of usurpation or gross negligence.[9]

§ 53. **The Modern Doctrine of Ultra Vires.** — To define in a general way the ancient doctrine of *ultra vires* is to say that a contract of a corporation which is unauthorized by or in violation of its charter, or entirely outside of the scope of the express purposes of its creation or beyond the powers granted to it by the charter or by statute, is void in the sense of being no contract at all, because of a total want of power to enter into it; that such contract will not be enforced by any species of action in a court of justice; that being void *ab initio*, it cannot be made good by ratification or by any succession of renewals, and that no performance on either side can give validity to the unlawful contract, or form a foundation of any right of action upon it.[10]

[1] White *v.* Brownell, 4 Abb. Pr. N. S. 162.

[3] Nathan *v.* Tompkins, 82 Ala. 437; 2 So. 747.

[4] Fawcette *v.* Charles, 13 Wend. 473.

[5] Douglass *v.* Company, 118 N. Y. 484; 23 N. E. 806.

[6] Rex *v.* Richardson, 1 Burr. 517.

[7] State *v.* Trustees, etc., 5 Ind. 77.

[8] Rex *v.* Taylor, 3 Salk. 231; R. E. G. *v.* Smith, 10 Wood, 74; DeLacey *v.* Company, 1 Hawks (N. C.), 274; Purdy *v.* Ass'n (Mo. Ap.), 74 S. W. 486.

[9] Baker *v.* Backus, 32 Ill. 79; Park *v.* Grant Locomotive Works, 40 N. J. Eq. 114; 19 Atl. 62; Id. 45 N. J. Eq. 241, 362; 3 Atl. 162.

[10] See Thompson on Corporations, vol. v. § 5968; for history of doctrine of *ultra*

The necessities of modern business and the arrival by the courts at a better conception of the true relations governing the matter, have brought about radical changes in the doctrine as here stated. What we propose to do in this connection is to set forth what may be termed "the modern doctrine of *ultra vires*." Preliminary to this a statement should be made showing how the doctrine of *ultra vires* originated, and how it came to be applied from time to time.

In the early days corporations were created mainly for public purposes, and it was in connection with quasi-public corporations that the doctrine of *ultra vires* first originated. In view of this fact, as has been well stated, there was no reason why the doctrine should ever have been applied to private corporations not formed for public purposes.[1]

The grounds of the old doctrine are stated by Judge Gray as follows:[2] "That the charter of a corporation which contains its grant of powers is a public statute, which all persons are bound to take notice of and be governed by; that the restraints thereby established on the alienation of the franchises of the property of the corporation are founded on considerations of public policy, which neither the corporation nor any other persons can be allowed to evade or disregard." In a later case, when sitting on the United States Supreme Court bench, the same judge observed:[3] "The reason a corporation is not liable on a contract *ultra vires* are the interests of the public that the corporation shall not transcend the powers granted; the interests of the stockholders that the capital stock shall not be subjected to the risk of enterprises not contemplated by the charter, and therefore not authorized by the stockholders in subscribing for the stock; the obligation of every one entering into a contract with a corporation to take notice of the legal limits of its powers."

Turning now to this statement, attention should be called to those reasons which have aided a great majority of the courts in evolving a new doctrine of *ultra vires* better suited to the conditions of the present time. In the first place, except in the case of what is known as "quasi-public-private corporations," the

vires see B. G. L. Co. *v.* Claffy, 151 N. Y. 24; 45 N. E. 390.

[1] See Hennesey *v.* Muhleman, 40 N. Y. Ap. Div. 175; 57 N. Y. S. 854.

[2] Richardson *v.* Sibley, 11 Allen, 65.

[3] Pittsburgh, etc. Co. *v.* Keokuk, etc. Bridge Co., 131 U. S. 37; 9 S. Ct. 770.

public has no direct interest whatever in the nature of the powers vested in them. Corporations are no longer created by special act, except in a few cases, and it would be a poor rule which would require a stranger to take notice of the contents of charters not public and difficult to obtain. In modern times the placing in articles of incorporation of a large number of purposes, in some cases giving the corporation almost unlimited scope along business lines, has practically removed the objections spoken of above, to the effect that capital shall not be subjected to the risk of enterprises not contemplated by the charter.

Turning now to the changes already referred to, as having taken place in the doctrine of *ultra vires*, they may be stated in the form of the following propositions: (1) "The claim that a contract is void, because under the charter beyond the power of a corporation is seldom recognized as a defence to an agreement otherwise objectionable, and never where it would defeat the ends of justice or become a shield against wrong;"[1] (2) the doctrine of *ultra vires* is not usually applied where the party setting it up has received a benefit from the unlawful act relied upon as a defence;[2] (3) where the most that can be said of a corporate act is that it is an abuse of power, the State alone can act;[3] (4) the doctrine that persons dealing with corporations are bound to take notice of their power is now practically done away with by the application of the doctrine of estoppel in the case of completed contracts.

Again, it should be carefully noted that by the fullest application of the doctrine of estoppel where attempts have been made to set aside contracts on the ground that they were *ultra vires* of the corporate powers, the courts have practically revolutionized the doctrine as it once existed in this country. The doctrine of estoppel here referred to is of the character referred to by Lord Denman in Pickard *v.* Sears,[4] where he says that where one by his words or conduct wilfully causes another to believe in the existence of a certain state of things, and induces him to act on that belief so as to alter his own previous position, the former is precluded from averring against the latter a different state of things as existing at the same time. By an extended application of the

[1] Int. Trust Co. *v.* Company, 70 N. H. 118; 46 Atl. 1054; B. R. V. O. Co. *v.* Hanley, 15 Utah, 506; 50 Pa. St. 611.

[2] Norton *v.* Bank, 61 N. H 589, Smith *v.* Bank, 72 N. H. 4.

[3] Rector *v.* Hartford Deposit Co., 190 Ill. 380; 60 N. E. 528.

[4] 6 Ad. & El. 469.

doctrine laid down by Lord Denman, the courts hold that where there has been no express violation of the law the corporation is estopped by its own contract or conduct from setting up, as a defence to an action to enforce such contract, that it was not in the power of the corporation to make it. So too the courts hold that where a private corporation enters into a contract in excess of its granted powers and has received the benefits of the contract which the other parties acted upon, the corporation is estopped to repudiate the contract on the ground that it was *ultra vires*. Repeatedly the courts have held that where a contract with a corporation — the making of which is beyond its chartered powers — has been fully executed by both parties to the contract, neither of them can assert its invalidity as a cause of action as against the other.

Again, it may be stated that where a corporation has acted in excess of its granted powers or in the face of express or implied statutory prohibition it is clear that there can be no objection raised on that ground between it and a private party, for this can only be raised by the State in a direct proceeding to forfeit the franchises of the corporation.[1] Again, it may be stated that the doctrine of estoppel, as well as the doctrines of ratification and confirmation by acquiescence, apply under modern rules to *ultra vires* contracts.[2]

An Ohio court has divided unauthorized acts of a corporation into two classes: (1) where it has no power to do what it promises or to receive what is promised; (2) where it has no power to do what it promises but may receive what is promised. In each class, it was said, if action is brought, one of three states of fact will appear: (*a*) where it has performed its promise, but the other party has not; (*b*) where the other party has performed, but it has not; (*c*) where neither party has done all that was promised. In case 1 *a* the corporation cannot recover; the contract has no existence. In case 2 *a* the corporation may recover for performance if it has eliminated the *ultra vires* element and there is no want of mutuality. In cases 1 *b* and 2 *b* what remains to be done is *ultra vires*, and neither party can recover. In cases 1 *c* and

[1] Union Nat. Bank *v.* Matthews, 98 U. S. 621; Pullman *v.* Upton, 96 U. S. 328.

[2] See Water Works Co. *v.* Low, 46 N. Y. Sup. 633; Woodruff *v.* Erie R. R. Co., 93 N. Y. 609; Miller *v.* Am. Mut. Acci. Ins. Co., 92 Tenn. 167; Wood *v.* Corry Water Works Co., 44 Fed. 146; Linkauf *v.* Lombard, 137 N. Y. 417; 33 N. E. 472; Nims *v.* School, 160 Mass. 177; 35 N. E. 776; J. B. Farrell Company *v.* Wolf, 96 Wis. 10; 70 N. W. 289; Smith *v.* Bank of New England, 72 N. H. 4.

2 *c* neither party can recover because the contract is *ultra vires*. Recovery cannot be helped by promises of the officers. Pure assertion of law cannot give rise to estoppel. Nor is recovery aided by the fact that a consideration was conveyed to an individual as trustee for the corporation.[1]

§ 54. **Corporate Domicile.** — Corporations, like individuals, must have a place of abode.[2] As far back as Lord Coke's time a place of abode was held to be of the essence of a corporation.[3] Unless provided otherwise by statute, the rule at the present time is that corporations to have any legal existence must have a home within the boundaries of the State which creates it.

In the words of Justice McAdam in Kruse *v.* Dusenbury,[4] "A corporation cannot become a tramp. It must have a domicile — not in theory, but in fact — within the sovereignty which created it. . . . A corporation in the nature of things must have some office or place of business in the State where it was incorporated, so that creditors may know where to find it, that they may present and if necessary prosecute their just demands. The statute contemplates that such place of business shall exist not only in name, but in fact; for, if the corporation has no place of business in the state where it was incorporated, it does not affect the charter, but it cannot have branch offices elsewhere. Like a live tree, it cannot consist of branches only, but must take root in its native soil before it can extend its branches into other States."

Most of the States have statutes expressly requiring the maintenance of a domiciliary office within the State of the corporation's origin, and failure to comply with this requirement renders the charter of such corporation liable to forfeiture upon proper action taken by the State.[5]

Thus in Minnesota a charter was forfeited for the failure on the part of the corporation to maintain a domiciliary office therein. In this case,[6] the court observed, "that independently of statute, it is incumbent upon a private corporation to keep its principal place of business, its books and records, and its principal offices in

[1] Vos *v.* Association, 9 Bull. (Ohio) 194.

[2] *In re* Spring Valley Water Co., 17 Cal. 132.

[3] See Sutton's Hospital Cases, 5 Coke's Rep. 253.

[4] 19 Wk. Di. (N. Y.) 201.

[5] See N. & S. R. Co. *v.* People, 147 Ill. 234; 35 N. E. 608; State *v.* Company, 24 Tex. 80; State *v.* Company, 45 Wis. 579; Simmons *v.* Company, 113 N. C. 147; 18 S. E. 117; State *v.* Company, 58 Minn. 330; 59 N. W. 1048; State *v.* Company, 59 Kan. 151; 52 Pac. 422.

[6] State *v.* P. & N. L. Co., 58 Minn. 330; 59 N. W. 1048.

the State where it is incorporated, to an extent necessary to the fullest jurisdiction and visitorial power of the State and its courts and the efficient exercise thereof in all proper cases, and that a forfeiture may be adjudged for a violation of this common law obligation."[1]

The authorities have on more than one occasion brought actions to forfeit charters of corporations for failure to maintain domiciliary offices therein.[2]

In the words of one court, a corporation "must have some fixed office or place of business in the State where it is incorporated, so that creditors may know where to find it."[3] Again, the object of naming the domicile is to fix the place for the holding of stockholders' and directors' meetings, and to fix a location for the books of the corporation where the stockholders and creditors may demand an inspection thereof, if this right is given to them by statute.[4] Another purpose is to fix the venue of actions brought against a corporation where the law requires that suits shall be brought in the county where the defendant resides. In those States which have statutes expressly authorizing a corporation to transact all of its business outside of the domiciliary State, this provision for a domiciliary office is of the utmost importance.

A corporation cannot have two domiciles at the same time.[5] The domicile, residence, and citizenship of a corporation are in the State from which the charter was procured.[6] The place of residence is in the county where the principal office is located.[7]

The principal office of a corporation and the place for the transaction of its business are not one and the same thing. A corporation may have its office in one locality and transact its business in another.[8]

[1] See also State *ex rel. v.* Company, 45 Wis. 579; Stickle *v.* Liberty Cycle Co. (N. J.), 32 Atl. 708.

[2] See N. & S. R. Co. *v.* People, 147 Ill. 234; 35 N. E. 608; State *v.* Company, 24 Texas, 80; State *v.* Company, 45 Wis. 579; Simmons *v.* Company, 113 N. C. 147; 18 S. E. 117; 22 L. R. A. 677; State *v.* Company, 58 Minn. 330; 59 N. W. 1048; State *v.* Company, 59 Kan. 151; 52 Pac. 422; Montgomery *v.* Forbes, 148 Mass. 249; 19 N. E. 342.

[3] Kruse *v.* Dusenbury, 19 Wk. Dig. (N. Y.) 201.

[4] State *v.* Ry. Co., 45 Wis. 580.

[5] Bridge Co. *v.* Woolley, 78 Ky. 525.

[6] American, etc. Co. *v.* Johnston, 60 Fed. 503; Chafee *v.* Bank, 71 Me. 514.

[7] McSherry *v.* Company, 97 Cal. 637; 32 Pac. 711.

[8] Van Etten *v.* Eaton, 19 Mich. 187; Kennett *v.* Company, 68 N. H. 432; 39 Atl. 585; Meredith *v.* Company, 59 N. J. Eq. 257; 44 Atl. 55; Harris *v.* McGregor, 29 Cal. 124.

§ 55. **Board of Management.** — A corporation without a responsible management is like a boat without oars, a ship without sails. It must have certain recognized and duly appointed agents to represent the stockholders in the management of the company. These agents are generally known as a board of directors, or less commonly as a board of trustees. Twenty of the States require the names of the first board of directors to be inserted in the certificate of incorporation, while of the remainder nine require merely the number of directors to be stated therein. Twenty-two of the States prescribe residential requirements for directors, while others require that all directors shall be stockholders. The number of directors required by the various business corporation acts vary from an unlimited maximum to a minimum of one.

Where the statute requires the number of directors to be set forth in the articles, the incorporators cannot name a number less than the minimum required by law.[1] The power to have and elect directors is inherent in every corporation, irrespective of statute. In fact, it is an essential feature of corporate existence.[3]

In the absence of express provision in the charter or by-laws the management of the business of the corporation is vested in the Board of Directors and not in the stockholders.[4] Failure to name directors in the articles when the same is required by statute will justify State officials in refusing to file articles.[5] Merely providing for executive officers in the articles is insufficient.[6] The original directors named in the certificate of incorporation under direction of the incorporation act are directors *de jure*, clothed with all the powers of the corporation, and may exercise the same powers as though elected by the stockholders.[7]

§ 56. **Capital Stock.** — Capital stock is the fund of money or other property fixed as the basis for conducting the business of the corporation, and contributed by the corporators to the capi-

[1] *In re* Germania Sangerbund, 12 Penn. Co. Ct. Rep. 89.

[3] Terwilliger *v.* Company, 59 Ill. 249; Reed *v.* Company, 50 Ind. 342; Hurlbut *v.* Marshall, 62 Wis. 590; 22 N. W. 852.

[4] Dana *v.* Bank, 5 W. & S. (Pa.) 247.

[5] Eakwright *v.* Company, 13 Ind. 404; *In re* Association, 19 Penn. Co. Ct. Rep. 25; People *v.* Selfredge, 52 Cal. 331.

[6] Bates *v.* Wilson, 14 Col. 140; 24 Pac. 99.

[7] Hamilton Trust Co. *v.* Clemens, 163 N. Y. 423; 57 N. E. 614.

tal, and is usually represented by shares issued to subscribers to the stock on the initiation of the enterprise.[1] Capital stock from another aspect is the security for creditors of the corporations, and entitles the owners thereof to participate in the management of corporate business and share in its profits and in its surplus after payment of corporate debts.[2] Shares of stock, on the other hand, are simply the muniments and evidence of the holder's title to a given share in the property and franchises of the corporation in which he is a member.[3] Frequently the words "capital" and "capital stock" are used interchangeably to express the property and assets of the corporation.

It is not altogether clear whether express authority to issue shares of capital stock is necessary, yet it has been repeatedly held that in order to increase or reduce the capital stock of a corporation, legislative authority is necessary. The prevailing view seems to be in favor of the necessity of legislative authority.[4]

In the absence of statutory or charter requirements neither subscription for capital stock nor payment thereof is necessary to corporate existence.[5] If the charter of a corporation does not fix the amount of its capital stock, it must be fixed by the stockholders, or, with their consent, by the directors.[6] Stock can be issued only by direction of the corporation.[7]

In many of the Commonwealths the minimum amount of capital stock which a corporation may have is fixed by statute. Very few of the States limit the maximum amount of capitalization.[8] To determine the amount of capital stock that a corporation has, preferred stock must always be included therein.[9] It is not always an easy question to determine who are and who

[1] Christensen *v.* Eno, 106 N. Y. 97; 12 N. E. 648.

[2] Janney *v.* Bank, 98 Ala. 515; 13 So. 761.

[3] Mechanics' Bank *v.* Company, 13 N. Y. 599.

[4] Cooke *v.* Marshall, 191 Pa. St. 315; 43 Atl. 314; 196 Pa. St. 200; 46 Atl. 447; Detroit Chamber of Commerce *v.* Gardner, 109 Mich. 691; 67 N. W. 897.

[5] McGinty *v.* Company, 155 Mass. 183; 29 N. E. 510; Jefferson Nat. Bank *v.* Company, 74 Texas, 421; 2 S. W. 101; Stowe *v.* Flagg, 72 Ill. 397.

[6] So. K. Ry. Co. *v.* Cushing, 45 Me. 524; State *v.* Bank, 95 Tenn. 221; 31 S. W. 993.

[7] H. D. P. Ass'n *v.* Stevens, 34 Neb. 528; 52 N. W. 568; Hendrix *v.* Academy of Music, 73 Ga 437; State *v.* Company, 41 Ind. 151; Williams *v.* Hewitt, 47 La. Ann. 1076; 17 So. 496.

[8] See Hughes *v.* Company, 34 Md 316.

[9] State *v.* Company, 16 S. C. 524.

are not stockholders. The question must usually be determined by the particular facts of each case.[1]

Sometimes the incorporation act requires the articles to state the time when and the manner in which stock shall be paid for. It is sufficient in this connection to say, for example, that the stock shall be paid for in cash, and that no certificate of stock shall issue until such payment is made.[2] The statement may be broadened if desired by setting forth in the articles that the stock shall be paid for in property, at such times and of such a character and with such notice to the subscribers as the directors shall deem for the best interests of the corporation.[3]

Where the statute requires the amount of the capital stock to be stated, it has been held sufficient to simply state the number of shares and the par value of the same.[4]

§ 57. **Limitations upon Amount of Capital Stock.** — As has already been observed, the great majority of the incorporation acts provide that the amount of capital stock which the corporation is to have shall be fixed in the articles of incorporation. This is the usual and often the only limitation on the amount of capital stock which any particular corporation is authorized to have. However, in fourteen of the Commonwealths the minimum capital stock of all corporations is fixed by statute, while in three of them the maximum capitalization is also prescribed.

In this connection the words of the court in Barry *v.* Merchants Exchange Co.[6] are peculiarly instructive. In that case Chancellor Sanford observed: "That the capital stock of a corporation is the aggregate amount of the funds of the corporators which are combined together under a charter, for the attainment of some common object of public convenience or private utility. This amount is fixed in the act of incorporation. It is thus limited, in reference to the convenience of the intended corporators, and for the information and security of the public at large. To the corporators it prescribes the amount and the subdivisions of their respective contributions to the com-

[1] See O'Brien *v.* Fulkerson, 75 Mich. 554; 42 N. W. 979.

[2] N. O. Ry. Co. *v.* Frank, 39 La. Ann. 707; 2 So. 310.

[3] See Baltimore, etc. Telephone Co. *v.* Company, 37 La. Ann. 883.

[4] Buffalo, etc. Ry. Co. *v.* Hatch, 20 N. Y. 157.

[6] 1 San. Chan. (N. Y.) 280.

mon fund; the voice which each shall have in the control and management; and the apportionment of the profits of the enterprise. To the community it announces the extent of the means contributed and forming the basis of the dealings of the corporate body, and enables every man to judge of its ability to meet its engagements and perform what it undertakes. And when the statute requires the stock to be paid in before the corporation can transact business, security to those contracting with it is thereby superadded to the information of its resources. These objects for the public benefit are such as the legislature had in view in limiting the amount of capital stock, and requiring a specified sum or proportion to be paid in. One other consideration dictates the amount thus fixed. This is the probable and reasonable extent of the means requisite to the accomplishment of the end proposed, qualified in many cases by the unwillingness of the legislature to create these artificial beings with an undue amount of capital."

§ 58. **Par Value of Capital Stock.** — In thirty-six of the States the par value of the shares of the capital stock may be any amount. In the remainder the par value is limited by statute. Where the corporation act does not require that the number and par value of shares be set forth, the presumption is that the legislature intended that this should be fixed by the stockholders of the corporation at the organization meeting.[1] The matter may be entrusted by the stockholders to the directors if desired.[3]

The question sometimes arises as to whether changing the par value of shares without increasing or decreasing the capital stock constitutes such a "variation" therein as to come within the statutory prohibition forbidding such variation without legislative authority. The prevailing rule seems to be that such variation may be made only by conforming to the statute (if any exists) authorizing amendments to the charter in this regard.[4]

§ 59. **Amount of Stock Subscriptions.** — Unless made so by statute, no subscription, in whole or in part, of the capital stock of a corporation is necessary, either to the validity of a corpora-

[1] S. & K. R. Co. *v.* Cushing, 45 Me. 524; State *v.* Bank, 95 Tenn. 221; 31 S. W. 993.

[3] Commonwealth *v.* Company, 52 Pa. St. 506.

[4] C. C. Ry. Co. *v.* Allerton, 18 Wall. 233; Seignouret *v.* Company, 24 Fed. 332.

tion's existence or to its right to transact business.[1] The rule, however, that exists in this country to-day is doubtless opposed to the common law rule on the subject.[2] The States of Washington, Illinois, and Missouri require subscriptions to the full amount of the authorized capital stock.[3]

Fourteen of the Commonwealths require the amount of stock subscribed for by each incorporator to be set forth in the articles, while others require the amount of stock with which the corporation will commence business to be stated. A few prescribe that the amount of stock actually subscribed shall be set forth.[4] Sometimes provisions are found requiring the residences of subscribers to the capital stock to appear in the articles.[5]

Any person capable of contracting may subscribe for stock or become a stockholder. This includes aliens, married women, and corporations.[6] Subscriptions for stock must be made through commissioners where the law so provides.[7] But even where such subscriptions are made through parties other than commissioners contrary to the statute, such subscriptions may be afterwards ratified by the proper party.[8]

Occasionally attempts are made to limit by charter provisions the amount of stock which may be owned by any one stockholder. Such provisions are generally held void, as not called for by the governing statute.[9] An important question that arises in connection with the general subject of stock subscriptions, amount of stock paid in, and amount of capital with which the corporation may begin business, has reference to the effects which follow a failure on the part of the corporation to comply with such statutory requirements. In general, it may be said that the penalties which follow a failure to comply with such provisions are generally along the following lines:

First, they afford a basis for an action to be brought by the State

[1] Livesey *v.* Company, 5 Neb. 50; Johnson *v.* Kessler, 76 Ia. 411; 41 N. W. 57; S. F. N. Bank *v.* Almy, 117 Mass. 476; Minor *v.* Bank, 1 Peters (U. S.), 46; 7 L. E. 47; Schenectady, etc. Plank Road Co. *v.* Thatcher, 111 N. Y. 102.

[2] Schloss *v.* Company, 87 Ala. 411; 6 So. 360.

[3] Denny Hotel Co. *v.* Schram, 6 Wash. 134; 32 Pac. 1002.

[4] See Buffalo, etc. Ry. Co. *v.* Hatch, 20 N. Y. 157; People *v.* Chambers, 42 Cal. 201; L. O. A. Ry. Co. *v.* Mason, 16 N. Y. 451.

[5] See Steinmetz *v.* Company, 57 Ind. 457.

[6] Dublin, etc. Ry. Co. *v.* Black, L. R. 8 Exch. 181; Cork, etc. Ry. Co. *v.* Cazenove, L. R. 10 Ad. & El. 935.

[7] Shurtz *v.* Company, 9 Mich. 269.

[8] Walker *v.* Company, 34 Misc. (N. Y.) 245.

[9] O'Brien *v.* Cummings, 13 Mo. Ap. 197.

looking to the forfeiture of the charter. Secondly, they sometimes result in rendering the incorporators liable as co-partners, the courts holding that by failing to comply with the statute they have forfeited their right to immunity from individual liability for what would otherwise be distinctively corporate debts. Thirdly, in some jurisdictions a penalty is prescribed by statute making directors and officers liable for all debts contracted before the statutory requirements above referred to have been complied with.

It goes without saying that corporations cannot legally issue stock in excess of their authorized capitalization.[1] However, this does not mean that *bona fide* purchasers of such shares are without remedy, for ordinarily in such cases both the corporation and its officers are liable.[2]

§ 60. **Amount of Stock paid in.** — It has already been observed that neither the subscription to nor the payment of the whole amount of capital stock authorized by the charter is a condition precedent to the legal existence of the corporation unless it is made so by a governing statute. Ordinarily, it merely goes to the right to transact business, without subjecting the directors or the corporate officers and agents to personal liability.[3] However, in some few of the States the corporation acts provide that before the corporation may commence business a certain percentage of the capital stock shall be paid in. Where the articles fail to so set forth the amount of stock paid in as required by statutes, this does not affect *ipso facto* the legality of the corporation's existence, but it is a matter which can only be taken advantage of by the State in *quo warranto* proceedings.[5]

Statutory payments must be made in the manner and time provided by statute, and they must be paid in in good faith.[6]

[1] Mechanics' Bank *v.* Company, 13 N. Y. 599; Scovill *v.* Thayer, 105 U. S. 143.

[2] N. Y. N. H. R. Co. *v.* Schuyler, 34 N Y. 30; Moores *v.* Bank, 111 U. S. 156; 4 S. Ct. 345.

[3] D. S., etc. Co. *v.* Attorney-General, 21 Can. Sup. Ct. 72; S. P. R. Co. *v.* Thatcher, 11 N. Y. 102.

[5] E. P. R. Co. *v.* Vaughan, 14 N. Y. 546. See also Hendrix *v.* Academy of Music, 73 Ga. 437; K. C. H. Co. *v.* Hunt, 57 Mo. 126; Tradesmen Publishing Co. *v.* Company, 95 Tenn. 634; 32 S. W. 1097; Ag. Bank *v.* Burr, 24 Me. 256; Y. R. L. N. Co. *v.* Company, 72 Fed. 62.

[6] McLaren *v.* Pennington, 1 Paige (N. Y.), 102; People *v.* Chambers, 42 Cal. 201; State *v.* Company, 3 Hump. (Tenn.) 305; People *v.* City Bank, 7 Col. 226; 3 Pac. 214; People *v.* Bank, 129 Ill. 618; 22 N. E. 288; Hammond *v.* Strauss, 53 Md. 1.

Failure to state, in the affidavit relative to the amount of stock paid in, that such payments had been made in good faith to the directors is not fatal, as the *bona fides* of the transaction will be implied.[1]

§ 61. **Amount of Stock with which a Corporation may begin Business.** — Some few of the States require that the amount of capital with which a corporation will begin business shall be set forth in the articles. In some cases, as in New Jersey and New York, the minimum amount is prescribed by statute. The failure, however, to actually pay in the prescribed amount of capital stated in the articles will not operate to destroy the corporate existence.[2]

§ 62. **Duration of Corporate Existence.** — At one time there was a tendency on the part of the States to limit the duration of corporate existence of corporations to a definite period in the supposed interest of the public.[3] At the present time in twenty-six of the Commonwealths perpetual charters may be procured under the business corporation acts in force therein. In the remaining States the periods vary from one hundred years to twenty. Even in these States provision is made for extension of corporate existence by complying with the statute in such case made and provided.[5]

The phrase "perpetual succession" has been held not to be equivalent to perpetual existence.[6] The naming of a period of corporate existence in the charter in excess of that permitted by law will not render the charter void, but the corporate existence will not be continued beyond the statutory period.[7]

It is scarcely necessary to say that the continuance of active corporate existence during the entire period limited by the charter is not binding upon the corporation.[8] A difficult question often arises when the corporation attempts to continue its active business as a corporation and to perform its corporate

[1] Buffalo, etc. Ry. Co. *v.* Hatch, 20 N. Y. 157.

[2] Staunton Copper Mining Co. *v.* Thurmond, 7 Mo. Ap. 587; Hammond *v.* Strauss, 53 Md. 1; State *v.* Webb, 97 Ala. 111; 12 So. 377.

[3] Smith *v.* Company, 58 N. J. Eq. 331; 43 Atl. 567; State *ex rel.* Walker *v.* Payne, 129 Mo. 468; 31 S. W. 797.

[5] See *post*, sec. 120.

[6] Fairchild *v.* Association, 71 Mo. 526; State *ex rel.* Walker *v.* Payne, 129 Mo. 468; 31 S. W. 797.

[7] People *v.* Cheeseman, 7 Col. 376; 3 Pac. 716; Hughes *v.* Company, 34 Md. 316. See also Buffalo, etc. Ry. Co. *v.* Hatch, 20 N. Y. 157.

[8] Cronin *v.* Company *et al.*, 29 Wk. L Bul. (Ohio) 52.

functions after the expiration of its charter. Ordinarily this is a matter which concerns the State alone.[1] Under such circumstances, in order to protect third parties, the courts recognize such corporations as corporations *de facto* on the ground that there is clearly authority for their attempting to act as corporations.[2] Many courts of high authority have held that a corporation is dissolved and ceases to exist when its charter expires.[3] In many States there are statutes permitting corporations to exist as such for certain purposes after the expiration of their charter. The purpose of such statutes is to grant to the corporation time to close up its corporate affairs. It has been held that the object of such statutes is not to limit but to enlarge corporate privileges so that the corporation may continue active business throughout the whole charter period.[5]

§ 63. **Date of Annual Meeting.** — In Alaska, Arizona, Delaware, Iowa, Minnesota, Nebraska, and Utah the corporation acts require that the date of the annual meeting of the corporation be inserted in the articles. Such provisions are to be regarded as directory rather than mandatory, and their legal effect is essentially the same as if such provision was merely made in a valid by-law of the corporation. In Arkansas, Louisiana, and Tennessee the date of the organization meeting must appear in the certificate of incorporation.[6] Even when the statute requires that the directors shall be chosen at the annual meeting, this has no reference to the election of the first board at the organization meeting.[7]

§ 64. **Limitation upon Corporate Indebtedness.** — In the absence of constitutional or statutory provision, there are no limitations imposed upon corporations with respect to the amount of indebtedness which they may incur.[8] The whole extent of corporate credit is measured and controlled by its capital. The laws of trade have placed more efficient barriers than the State

[1] Bushnell *v.* Company, 138 Ill. 67; 27 N. E. 596.

[2] Miller *v.* Company, 31 W. Va. 836; 8 S. E. 600.

[3] Bradley *v.* Reppell, 133 Mo. 545; 32 S. W. 645; Sturges *v.* Vanderbilt, 73 N. Y. 384.

[5] Berwick *v.* Company, 39 Mich. 701.

[6] Hughes *v.* Parker, 20 N. H. 58; Beardsley *v.* Johnson, 121 N. Y. 224; 24 N. E. 380.

[7] B. A. M. Co. *v.* Moring, 15 Gray (Mass.), 211.

[8] Barry *v.* Company, 1 San. Chan. (N. Y.) 280, 310.

legislatures to the power of corporate borrowing. In Alaska, Arizona, Florida, Iowa, Minnesota, and Nebraska, the incorporation acts require that the maximum amount of indebtedness which the corporation may incur shall be set forth in the articles of incorporation.

In twenty-two of the Commonwealths statutes, either expressly or by implication, prescribe the amount of indebtedness which corporations may incur.[1]

When the phrase "implied limitation upon corporate indebtedness" is used, reference is had to that not uncommon form of limitation where directors or stockholders are made liable for corporate debts in case the corporate indebtedness exceeds a certain definite amount.[2]

§ 65. **Exemption of Stockholders from Personal Liability.** — While there is no common-law liability imposed upon stockholders for corporate debts, nevertheless parties may lawfully contract to any extent they see fit as to their own personal liability for such indebtedness.[3]

In order that stockholders may avoid personal liability for corporate debts it is necessary in Arizona, Delaware, Iowa, Kentucky, Louisiana, Mississippi, Nebraska, and Utah, to insert provisions in the certificates of incorporation expressly exempting stockholders from such liability.

§ 66. **Adoption of By-Laws by Directors.** — In a large number of the States and Territories the incorporation acts expressly provide for delegation of power to directors to make, alter, or repeal by-laws.[4] In many of the States in order that the corporation may have this power it is necessary to insert provision therefor in the charter.[5] Unless the power to make, alter, or repeal by-laws is thus delegated to the board of directors, it can only be exercised by the stockholders.[6]

[1] See Commonwealth *v.* Company, 129 Pa. St. 405; 18 Atl. 414; O. H. Mfg. Co. *v.* Canney, 54 N. H. 295; Thornton *v.* Balcom, 85 Ia. 198; 52 N. W. 190; Heuer *v.* Carmichael, 82 Ia. 288; 47 N. W. 1034.

[2] See Tallmadge *v.* Company, 4 Barb. (N. Y.) 382; Allison *v.* Company, 87 Tenn. 60; 9 S. W. 226; Sweney *v.* Talcott, 85 Ia. 103; 52 N. W. 106; Gunther *v.* Company, 107 Ky. 44; 52 S. W. 931.

[3] London, etc. Bank *v.* Parrott, 125 Cal. 472; 58 Pac. 164; Lillard *v.* Company, 14 Tex. Civ. Ap. 67; 36 S. W. 792; Tidioute Sav. Bank *v.* Libbey, 101 Wis. 193; 77 N. W. 182.

[4] See Part III., Table 12, page 582.

[5] Cahill *v.* Company, 2 Doug. (Mich.) 128; Heintzelman *v.* Association, 38 Minn. 138; 36 N. W. 100; Bank of Holly Springs *v.* Pinson, 58 Miss. 421.

[6] Morton Gravel Road *v.* Wysong, 51

§ 67. **Provisions for the Regulation of the Internal Affairs of the Corporation.** — In a number of the States statutory authority is to be found for inserting in the articles of incorporation any provisions that may be desired relative to the regulation of the business, and for the conduct of the affairs of the corporation, creating, defining, and limiting the powers of the corporation, the officers, and the stockholders. Under such authority the clauses which are usually inserted are the following: giving the directors power to sell all the business of the corporation as an entirety; the power to sell entire corporate property at the request of a majority of the stockholders; giving the right to directors to make and alter by-laws; giving the power to directors to borrow money upon bond and mortgage without authority therefor being first given by the stockholders; power to appoint additional vice-presidents and assistant secretaries and treasurers; to declare dividends; to reserve and fix working capital; to appoint an executive committee from the board of directors; giving stockholders power to remove directors; giving power to create a lien upon stock for indebtedness due company from stockholders; provision for the examination of books by the stockholders, and in connection therewith power to insert private publicity clause; to provide for cumulative voting and limiting the power to vote; reservation of power to change provisions in the articles of incorporation; power to create preferred stock.

§ 68. **Miscellaneous Provisions Relative to Contents of Articles of Incorporation.** — It would be impossible to enumerate all the peculiar provisions under the several business corporation acts which exist in the various States. Among those not already referred to are the following: Statement of the amount of stock subscribed for by the incorporators; a list of all parties who have subscribed for stock as preliminary to incorporation.[1]

In setting forth the subscribers to the capital stock it is sufficient to use above the first name the words "names,"

Ind. 4; N. M. T. S. Co. *v.* Bishop, 103 Wis. 492; 79 N. W. 785; *In re* A. A. Griffing Iron Co., 63 N. J. Law, 168, 357; 41 Atl. 931; 46 Atl. 1097.

[1] Chester Glass Co. *v.* Dewey, 16 Mass. 94; C. V. & P. Co. *v.* Secretary of State, 128 Mich. 62; 87 N. W. 901; J. N. Bank *v.* Company, 74 Tex. 421; 12 S. W. 110.

"residences," "shares," and then immediately follow the same with the names of the subscribers to the capital stock.[1] Among other provisions are those requiring the naming of an agent upon whom service of process upon the corporation may be served;[2] another, a statement of the manner of conducting the business of the corporation.[3] A number of the States require the names and residences of the incorporators to be set forth in the articles.[4] Sometimes it is necessary to secure the approval of the Attorney-General to the form and contents of the articles.[5]

§ 69. **Construction of Charter.** — Under the liberal provisions of the modern incorporation acts, the articles drawn thereunder necessarily assume, by the sole action of the incorporators, numerous powers, many of which have been heretofore of a public character, affecting the interests of the public very largely and very seriously. The Supreme Court of the United States has taken the view that, for the reasons just given, these articles do not commend themselves to the judicial mind as a class of instruments requiring or justifying any very liberal construction. That court has said in this connection, that where the question is whether they conform to the authority given by statute in regard to corporate organization, it is always to be determined upon a just construction of the power granted to them with a due regard for all other laws of the State upon that subject.[6]

In construing charters the following rules seem to govern the courts: First, the intention of the legislature must be given due weight.[7] Second, due consideration must be given to the policy of the State with reference to such matters as evidenced by the character of legislation. Third, all ambiguities in the terms of the articles of incorporation must be construed against the corporation in favor of the public.[8] Fourth, words should be given their ordinary meaning.[9] Fifth, the construction given

[1] Vawter *v.* Franklin College, 53 Ind. 88.

[2] Johnson *v.* Masons' Lodge, 21 Ky. L. R. 493; 51 S. W. 620.

[3] State *v.* Association, 29 O. St. 399.

[4] Steinmetz *v.* Company, 57 Ind. 457; State *v.* Foulkes, 94 Ind. 493.

[5] See Field *v.* Cooks, 16 La. Ann. 153.

[6] Or. Ry. Co. *v.* Or. Ry. Co., 130 U. S. 1; 9 S. Ct. 409.

[7] Union Nat. Bank *v.* Matthews, 98 U. S. 621.

[8] A. L. & T. Co. *v.* Company, 157 Ill. 641; 42 N. E. 153.

[9] Riker *v.* Leo, 133 N. Y. 519; 30 N. E. 598.

the charter must always be reasonable.[1] Sixth, where the language of the certificate as to corporate purposes and powers permits of two constructions, that the more favorable to the State is to be adopted.[2]

[1] Black *v.* Company, 22 N. J. Eq. 130; Wheeler, etc. Co. *v.* Company, 14 Wash. 630; 45 Pac. 316; Nat. Bank *v.* Company, 41 O. St. 1.

[2] Bridge Co. *v.* Ferry Co., 29 Conn. 221.

CHAPTER II.

PROCURING THE CHARTER.

§ 70. **Signing the Articles.** — With but few exceptions the business corporation acts of the various Commonwealths provide that the articles shall be signed by the incorporators.[1] It is not requisite to the validity of such articles that they be signed within the State from which the charter is procured.[2] The articles may be drawn on separate sheets, the last one of which only need be signed by the incorporators.[3] If the incorporator is unable to write he may sign the articles by his mark.[4] The full name need not be signed.[5]

If seals are required by statute they must be used.[6] The use of a power of attorney to sign articles would probably not be sanctioned where the statute calls for additional matters which are necessarily personal in their nature.[7]

§ 71. **Acknowledgment of Execution of Articles.** — With some few exceptions, the incorporation acts of all the States require that the articles of incorporation shall be acknowledged by the incorporators, before some officer authorized by law to take acknowledgments of deeds. There must in all cases be a proper number of acknowledgments.[8] Where the statutes designate some particular officer to take the acknowledgment, the charter is voidable if taken before any other official.[9] A failure, on the part of the officer taking the acknowledgment, to certify that the

[1] State *v.* Critchett, 37 Minn. 13; 32 N. W. 787; People *v.* Company, 97 Cal. 276; 32 Pac. 236; Hughes *v.* Company, 34 Md. 316; W. B. & L. Ass'n *v.* Coleman, 89 Pa. St. 428.

[2] Humphreys *v.* Mooney, 5 Col. 282.

[3] See L. O. A. & N. Ry. Co. *v.* Mason, 16 N. Y. 451.

[4] Trustee, etc. *v.* Campbell, 46 La. Ann. 1543; 21 So. 184.

[5] State *v.* Beck, 81 Ind. 500.

[6] Griffen *v.* Company, Fed. Cases, No. 5816; Warner *v.* Callender, 20 O. St. 190.

[7] *In re* Charter Acknowledgment, 28 Pa. Co. Ct. Rep. 187.

[8] People *v.* Company, 97 Cal. 276; 32 Pac. 236; Hughes *v.* Company, 34 Md. 316; Doyle *v.* Mizner, 42 Mich. 332; 3 N. W. 968; Kaiser *v.* Bank, 56 Ia. 104; 8 N. W. 772; State *v.* Critchett, 37 Minn. 13; 32 N. W. 787.

[9] Shields *v.* Company, 94 Tenn. 123, 28 S. W. 668; State *v.* Lee, 21 O. St. 662; Simmings *v.* Association, 26 O. St. 483.

incorporators were personally known to him will not invalidate the incorporation proceedings.[1]

Even where the statutes require the organization meetings to be held within the domiciliary State, it is not necessary that the articles be signed and acknowledged therein.[2]

The omission of immaterial parts of the acknowledgment does not operate to render the incorporators liable as partners.[3] In order to entitle articles to be filed with the proper State official, they must be signed and acknowledged in all respects as required by law.[4]

§ 72. **Publication of Articles.** — In ten of the Commonwealths the law requires that either the petition for a charter or the charter itself or the substance thereof shall be published for a prescribed length of time. The original theory upon which such requirements are based appears to have been that the creation of a corporation should be attended with all possible publicity, in order that all the world might acquaint itself with the fact that it is dealing with a corporation and not with a natural person.[6] At the present time the legislatures seem to proceed on the basis of furnishing the newspapers with additional paid matter on the theory that they need it in their business. However that may be, it still remains true that the statutes governing publication of articles must be substantially complied with, otherwise the charter may be declared void at the instance of the State.[7]

Sometimes due publication of articles carries with it immunity from personal liability.[8]

It has been held that the publication of more than the law requires will not invalidate the legality of the publication.[9]

[1] People *v.* Cheeseman, 7 Col. 376; 3 Pac. 716. See also Boston Acid Mfg. Co. *v.* Moring, 15 Gray (Mass.), 211.

[2] Humphreys *v.* Mooney, 5 Col. 282.

[3] Stout *v.* Zulick, 48 N. J. L. 599; 7 Atl. 362.

[4] Doyle *v.* Mizner, 42 Mich. 332; 3 N. W. 968; Montgomery *v.* Forbes, 148 Mass. 249; 19 N. E. 342.

[6] See *In re* Church, etc., 14 Phil. 121; Seaton *v.* Grimm, 110 Ia. 145; 81 N. W. 225.

[7] Clegg *v.* Company, 61 Ia. 121; 15 N. W. 865; Thornton *v.* Balcom, 85 Ia. 198; Bigelow *v.* Gregory, 73 Ill. 197; Field *v.* Cooks, 16 La. Ann. 153; Hunt *v.* Salisbury, 55 Mo. 310; Indianapolis Min. Co. *v.* Herkimer, 46 Ind. 142; Holmes *v.* Gilliland, 41 Barb. 568; Davenport Nat. Bank *v.* Davis, 43 Ia. 424; 15 N. W. 865.

[8] Davenport Nat. Bank *v.* Davis, 43 Ia. 424; 15 N. W. 865. See, however, Clark *v.* Richardson, 17 Ky. Law Rep. 514; 31 S. W. 878; Wing *v.* Slater, 19 R. I. 597; 35 Atl. 302; Heinig *v.* Company, 81 Ky. 300; 5 Ky. Law Rep. 281.

[9] *In re* Sowego Water Co., 38 W. N. C. (Pa.) 148.

§ 73. **Affidavit as to Stock Subscriptions.** — The laws of Florida, Georgia, Illinois, Kansas, Michigan, Missouri, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Utah, Vermont, and West Virginia require in addition to the ordinary acknowledgment of the execution of the articles, that the same be accompanied by an affidavit showing that the amount of stock required by law as a preliminary to doing business as a corporation has been duly subscribed.[1] The same matter appears in the certificate of organization required in Arkansas, Connecticut, Indian Territory, Maine, and Virginia.

On the other hand, the incorporation acts of Alabama, California, Delaware, Idaho, Kentucky, Nevada, New Jersey, New York, North Carolina, Ohio, Virginia, and Washington merely require that the amount of stock subscriptions be set forth in the articles.

As to the content of the affidavits as to stock subscriptions, it is sufficient if they serve to show clearly that the statute relative to the same has been substantially complied with.[2]

Unless the statute designates some officer before whom such affidavit be sworn to, it may be made before any officer authorized to administer oaths and to certify to the same.[3]

§ 74. **Anti-Trust Affidavit.** — Some few of the States — such, for example, as South Dakota, Missouri, and Illinois — require either of the incorporators before organization or of certain designated officers of the corporation after organization that they certify and make oath to the effect that the corporation is organized for the transaction of a lawful business and not for the purpose of enabling the corporation to violate the provision of the anti-trust act in force in that particular Commonwealth. Just what practical purpose the requirements here referred to serve, it would be difficult to say. In its practical operation it is usually a mere formality, and has, so far as observation goes, seldom served any useful purpose.[4]

§ 75. **Special Requirements in Particular States.** — Owing to the varied requirements existing in the several States and Territories relative to the steps necessary to procure charters under

[1] People *v.* Company, 45 Cal. 306.

[2] People *v.* Company, 45 Cal. 306; B. & P. Ry. Co. *v.* Hatch, 20 N. Y. 157.

[3] Wood *v.* Bank, 9 Cowen, 194.

[4] See Ohio St. Ry. Co. *v.* State, 49 O. St. 668; 32 N. E. 933; People *v.* Company, 121 N. Y. 582; 24 N. E. 834; State *v.* Standard Oil Co., 49 O. St. 137; 30 N. E. 279.

the laws thereof, it will be impossible to do more than merely refer to a few of these requirements not already discussed. Under the statutes of some of the States it is necessary before a charter can issue that the capital stock either be subscribed for in whole or in part.[1] In others it is necessary that all or part of the authorized capital stock be actually paid in.[2] However, in many of the States it is not necessary that the capital stock be subscribed for as a condition precedent to corporate existence.[3] Some of the States require that the certificate shall show the amount of the capital stock, the amount actually paid in, and that it shall give the names and residences of the shareholders, and the amount of stock which each has subscribed. Where such provisions exist substantial compliance therewith is essential to the creation of a *de jure* corporation.[4]

Sometimes incorporation acts require that the certificate shall state the maximum amount of indebtedness which the corporation is authorized to incur.[5] In Indiana the articles must contain an impression or description of the seal.[6] In Georgia charters are issued by the courts upon petition therefor. Here as well as in other cases the statute governing the matter must be substantially complied with.[7]

In some States the law requires that the certificate shall set forth the name and location of the principal place of business of the corporation. Such provision must be substantially complied with.[8]

In Pennsylvania, where the incorporation act required the application for a charter to show the place of business of the proposed corporation, and the application merely stated location of its office, it was held insufficient. This for the reason that a corporation may have its office in one place and its place of business in another.[9]

§ 76. **Powers of State Officials Relative to Accepting or Rejecting Articles.** — Where the statute either expressly or by implica-

[1] J. C. G. Company *v.* Dwight, 29 N. J. Eq. 246; Boyd *v.* Company, 90 Pa. St. 169.

[2] People *v.* Chambers, 42 Cal. 201.

[3] See *ante*, sec. 2.

[4] Hendrix *v.* Academy, 73 Ga. 437; Bolling *v.* Le Grand, 87 Ala. 482; 6 Sou. 332.

[5] Sweney *v.* Talcott, 85 Ia. 103; 52 N. W. 106.

[6] See Vawter *v.* Franklin College, 53 Ind. 88.

[7] Van Pelt *v.* Association, 79 Ga. 439; 4 S. E. 501; *In re* Deveaux, 54 Ga. 637.

[8] Montgomery *v.* Forbes, 148 Mass. 249; 19 N. E. 342; *Ex parte* Spring Valley Works, 17 Cal. 132.

[9] *In re* Enterprise Mutual Benefit Ass'n, 10 Pa. 380.

tion bestows upon State officials the duty of examining articles of incorporation and passing upon their legal sufficiency and authorizes State officials to certify that the incorporators have become a corporation, then the issue of such certificate becomes an adjudication that the corporation has been duly formed until the State has vacated the charter by proper proceedings taken in the courts.[1] Usually this duty is bestowed upon the State department which is a branch of the executive, and cannot therefore pass upon questions which are purely judicial.[2] It is confined to an examination as to whether the purposes of the proposed corporation are legal on their face and whether conditions precedent have been complied with so that a charter should properly issue.[3]

The main points to which State officials should address themselves in passing upon corporation papers presented to them are as follows: (1) Have the requisite number of incorporators signed the articles of incorporation? (2) Have the articles been properly acknowledged by the incorporators? (3) Is the corporate name mentioned in the articles one that can be lawfully used by the proposed corporation? (4) Have the statutory requirements relative to the contents of the articles of incorporation been substantially complied with?[4]

Generally speaking, permission to file charters may be refused upon the following grounds: If the name of the proposed corporation is identical or closely resembles that of an existing corporation, the State officials may exercise their discretion and refuse to pass the charter.[5]

It has been held, however, by a court of excellent authority that a statute prohibiting the corporation from assuming a name in use by any other organization or so closely analogous to it as to mislead the public is designed to protect domestic corporations.[6]

[1] Boyce *v.* M. E. Church, 46 Md. 359; D. H. R. R. Co. *v.* Marsh, Fed. Cas. 4014.

[2] Granby Co. *v.* Richards, 95 Mo. 106; 8 S. W. 246; Van Pelt *v.* Gardner, 54 Neb. 701; 75 N. W. 874.

[3] P. R. T. Rd. Co. Charter Application, 20 Pa. County Ct. Rep. 151; N. M. G. T. Co. *v.* N. G. T. Co., 21 Pa. County Ct. Rep. 393; People *v.* Company, 130 Ill. 268; 22 N. E. 798.

[4] State *v.* National Inv. Co., 88 Wis. 512; *In re* Application for Charter, 5 Pa. Dis. Rep. 243; *In re* Application for Charter St. L. Ass'n, 19 Pa. County Ct. Rep. 25; *In re* DuQuesne College Charter, 12 Pa. County Ct. Rep. 491; Woodberry *v.* McClurg, 78 Miss. 831; 29 Sou. 514.

[5] State *v.* McGrath, 92 Mo. 355; 5 S. W. 29; American Clay Mfg. Co. *v.* American Clay Mfg. Co., 198 Pa. St. 189; 47 Atl. 936; People *v.* Payne, 161 N. Y. 229; 55 N. E. 849.

[6] People *v.* H. L. A. Co., 111 Mich. 405; 69 N. W. 653.

Generally speaking, the action of the Secretary of State in issuing a license or certificate of incorporation is ministerial.[1] Neither State officials nor the courts can with respect to incorporation add new conditions to those prescribed by statute.[2] Generally, the test of the extent of powers of ministerial offices is the right to compel performance by mandamus.[3]

It is an almost universal rule that after the certificate is once issued, the officer who issues it has no power to revoke the certificate. For this purpose application must ordinarily be made to the courts.[4]

§ 77. **Right to Mandamus State Officials for refusing to file Articles.** — Ordinarily mandamus is the proper remedy where State officials refuse to file a certificate of incorporation, provided the duty of receiving and filing the same is lodged with them.[5]

§ 78. **Organization Tax.** — By the term "organization tax," as here used, is to be understood the amount of money exacted by the State from individuals in return for a grant from the former to the latter of the right or privilege of being a corporation; that is, of doing business in a corporate capacity and under the privilege or franchise which when incorporated the company may exercise. The right or privilege to be a corporation or to do business as such body is one generally deemed of value to the corporation, which is the right or privilege by which several individuals may unite themselves under a common name and act as a single person with a succession of members without dissolution or suspension of business and with a limited individual liability. The grant of such a right or privilege rests entirely in the discretion of the State, and may unquestionably be accompanied with such conditions as the legislature thereof may judge most befitting to its interests and policy.

Thus the latter may require of the incorporators, as a condition to the original grant of the franchise as well as of its continued exercise, that the corporation pay a specific sum to the State.[6]

[1] People *v.* C. G. T. Co., 130 Ill. 269; 22 N. E. 798.

[2] Hastings *v.* A. P. Co., 29 Wash. 224; 69 Pac. 776.

[3] F. B. Co. *v.* Wood, 14 Ga. 80.

[4] See, however, I. W. C. Co. *v.* Pearson, 140 Ill. 423; 31 N. E. 400; *In re* N. I. E. Co., 142 Pa. St. 459; 21 Atl. 879.

[5] People *ex rel.* N. Y. P. Co. *v.* Rice, 128 N. Y. 59, 28 N. E. 251; H. W. I. Co. *v.* N. Y. H. I. Co., 140 N. Y. 94; 35 N. E. 417; State *v.* Taylor, 55 O. St. 61, 44 N. E. 513; State *v.* McGrath, 92 Mo. 355; 5 S. W. 29; Illinois Watch Case Co. *v.* Pearson, 140 Ill. 423; 31 N. E. 400.

[6] Home Insurance Co. *v.* People of the

There are two broad grounds for sustaining the power of the State to impose organization taxes. The first of these is their inherent power to regulate corporations. Corporate capacity itself is a franchise. No persons can make themselves a body corporate and politic without legislative authority.[1] The other ground referred to is the inherent power of the State to enact such legislation as may be necessary in order to raise revenue for State purposes.[2]

The term "organization tax" should be carefully distinguished from the phrase "franchise tax;" the latter referring to the tax imposed by the State upon corporations for the privilege of doing business in a corporate capacity after incorporation. All of the States and Territories with the exception of Arizona, Arkansas, District of Columbia, Georgia, Indian Territory, Louisiana, and Oklahoma, impose graduated organization taxes upon corporations organized under their laws. There can be no question as to the validity of such graduated taxation.[3] The same is true even when in such matters the legislature distinguishes, as is the case in West Virginia and New Hampshire, between resident and non-resident domestic corporations.[4]

At the present time it is a rule of almost universal application that the payment of an organization tax is a condition precedent to corporate existence.[5] Organization taxes cannot be evaded on the ground that the corporation calls itself an "eleemosynary" corporation when in fact it is otherwise.[6]

The State is not bound to permit corporations to consolidate or to extend their corporate existence, and for this reason it may lawfully impose the payment of an organization tax as a condition precedent to consolidation or to the extension of its corporate existence.[7]

State of New York, 134 U. S. 594; 10 S. Ct. 593; 33 L. E. 1025; Gordon *v.* Appeal Tax Court, 44 U. S. (3 How.) 133; 11 Law Ed. 529; B. & O. Ry. Co. *v.* Maryland, 88 U. S. (21 Wall.) 456; 22 L. E. 678; People *v.* Rose, 210 Ill. 582; 71 N. E. 580.

[1] California *v.* Company, 127 U. S. 1; 8 S. Ct. 1073; 32 L. E. 157.

[2] Baker *v.* Cincinnati, 11 O. St. 534; W. U. T. Co. *v.* Attorney-General, 125 U. S. 530; 8 S. Ct. 961; 31 L. E. 790.

[3] See Ashley *v.* Ryan, 49 O. St. 504; 31 N. E. 721; 153 U. S. 436; 14 S. Ct. 865; 38 L. E. 773.

[4] B. J. C. C. Co. *v.* Scherr, 50 W. Va. 533; 40 S. E. 514.

[5] Union Horseshoe Works *v.* Lewis, 1 Abb. (U. S.) 518; Fed. Cases, No. 14383; Combined Saw & Planer Co. *v.* Flournoy, 88 Va 1029; 14 S. E. 976; Edwards *v.* Denver & R. G. R. Co., 13 Col. 59; 21 Pac. 1611; State *v.* Rotwitt, 17 Mont. 41; 41 Pac. 1004; Ashley *v.* Ryan, 49 O. St. 504; 31 N. E. 721; H. M. Co. *v.* Bremer, 12 R. I. 491.

[6] State *v.* Lesueur, 99 Mo. 552; 13 S. W. 237.

[7] Ashley *v.* Ryan, 49 O. St. 504; 31 N. E. 721; 153 U. S. 436; 14 S. Ct.

§ 79. **Form in which Charter is granted.** — In only twenty-nine of the States do the corporation acts expressly provide for the issuance of a certificate of incorporation or charter by State officials. In some few of the remainder the power to issue such instruments is assumed by the officers having the matter in charge without any express authorization therefor in the statute. In the remaining States proof of incorporation is usually had by procuring certified copies of the articles of incorporation. The matter becomes one of practical importance in connection with the right of third parties to collaterally attack not only the corporate existence but the corporate purposes and powers as well. This matter has already been discussed at length in a previous section.[1]

Ordinarily the commencement of corporate existence dates from the time when the certificate of incorporation is issued. Where the statute expressly provides for the issuance of a charter by State officials the latter have no discretion in the matter, and must issue the same upon demand of the parties who have legally entitled themselves to the same.[2] The certificate must be issued immediately, and must be in the form, if any, prescribed by the statute.[3] The Secretary of State should always affix his seal to the certificate of incorporation.[4]

§ 80. **Filing and Recording in Local County Offices.** — Generally speaking, it is part of the plan adopted by the various legislatures in the enactment of general incorporation acts, to provide in addition to requiring that articles of incorporation be filed with some designated State official, that they always be filed in one or more local county offices. Usually the latter requirement is confined to the provision that they be filed in the county where the corporation's domiciliary office is located. However, in some few of the States such articles must be filed in every county wherein the corporation transacts its business or holds real property. In some of the States, such as California and Maryland, more importance appears to be attached to the filing of the articles in the local county office than with State officials.[6]

865; 38 L. E. 773; People *v.* Pfister, 57 Cal. 532.

[1] See *ante*, § 6.

[2] State *v.* Taylor, 55 O. St. 61; 44 N. E. 513; Sparks *v.* Company, 87 Ala. 294; 6 So. 195.

[3] Stowe *v.* Flagg, 72 Ill. 397; R. F Ass'n *v.* Clarke, 61 Me. 351; Sparks *v* Company, 87 Ala. 294; 6 So. 195; People *v.* Payn, 161 N. Y. 229; 55 N. E. 849.

[4] Benner *v.* State, 7 Lea (Tenn.), 682.

[6] See N. H. C. & M. Co. *v.* Woodberry, 14 Cal. 434.

The purpose of filing articles in county offices has been said to be in order that persons dealing with the corporation may have an easy and public inspection of the basis of its corporate organization.[1] With some few exceptions corporate existence is not made to depend upon the filing of the articles in the local county offices. In any event, where such filing is not had, the corporation is treated as a corporation *de facto*, if not *de jure*.[2] The foregoing is certainly true in the absence of any proceedings by the State in the nature of *quo warranto*.[3]

In some States the filing of articles in designated offices is specifically made a condition precedent to the legal existence of the corporation, while in others it is merely made a condition precedent to the right of the corporation to engage in business as such.[4] It has been held, however, in Missouri that in order to the creation of corporate existence articles must be filed in both State and county offices.[5]

At the present time it is safe to say that as to third parties the validity of corporate existence will be presumed even when articles have not been filed in local county offices as required. But in some jurisdictions attempts have been made to hold the incorporators liable as partners under such conditions.[6]

§ 81. **Distinction between de jure and de facto Corporations.** — A corporation *de jure* is one whose right to exercise corporate functions would prove invulnerable if assailed by the State in *quo warranto* proceedings.[7] A *de facto* corporation, on the other hand, is one the legality of whose existence may be inquired into by the State in *quo warranto* proceedings. The general rule is that to prove the existence of a corporation *de facto* it is necessary to

[1] Loverin *v.* McLaughlin, 161 Ill. 417; 44 N. E. 99.

[2] Curtis *v.* Tracey, 62 Ill. Ap. 49; B. & T. Co. *v.* Gade, 55 Ill. 181; Johns *v.* People, 25 Mich. 499; Whitney *v.* Wyman, 101 U. S. 392.

[3] Bank *v.* Davies, 43 Iowa, 424; Martin *v.* Deetz, 102 Cal. 55; 36 Pac. 368; I. T., etc. Co. *v.* Herkimer, 46 Ind. 142; Humphreys *v.* Mooney, 5 Col. 282; Sims *v.* Commonwealth, 24 Ky. L. Rep. 159; 71 S. W. 929; Childs *v.* Hurd, 32 W. Va. 66; 9 S. E. 362; Abbott *v.* Co., 4 Neb. 416.

[4] Bergeron *v.* Hobbs, 96 Wis. 641; 71 N. W. 1056; *In re* Shakopee Mfg. Co., 37 Minn. 91; 33 N. W. 219; G. M. & S. Co. *v.* Richards, 95 Mo. 106; 8 S. W. 246.

[5] Hurt *v.* Salisbury, 55 Mo. 310.

[6] See P. & G. T. Co. *v.* Bobb, 88 Ky. 226; 10 S. W. 794; Rassbeck *v.* Desterricher, 55 How. Pr. 516; 4 Abb. New Cases, 444; F. G. B. & T. Co. *v.* Gade, 55 Ill. 181; N. Y. N. Exchange Bank *v.* Crowell, 177 Pa. 313; 35 Atl. 613; Clegg *v.* Company, 61 Ia. 121; 15 N. W. 865; Gent *v.* Company, 107 Ill. 652; Childs *v.* Hurd, 32 W. Va. 66; 9 S. E. 362.

[7] Clapp *v.* Company, 40 Neb. 470; 28 N. W. 956.

show (1) an act authorizing the creation of a corporation of that character; (2) an application duly made thereunder by the requisite number of incorporators praying for incorporation. (3) It is sometimes necessary, although not always, to show user thereunder.[1]

§ 82. **Right of Parties other than the State to collaterally impeach Corporate Existence.** — The right here referred to has already been considered somewhat at length in connection with a discussion of the right of third parties to collaterally attack corporate purposes and powers.[2] There are some additional matters, however, not already discussed to which attention will now be called.

As has already been suggested, the courts have taken varied and conflicting views relative to the right of parties other than the State to collaterally attack the existence of a corporation with whom they chance to be involved in litigation. The diverging views here referred to may be classified as follows: (1) the view that the State alone can test the question whether or not a corporation which has procured a charter from the proper State officials is in law as well as in fact a corporation;[3] (2) the view that this question may be inquired into by third parties, but that it is sufficient in such cases for the corporation to show substantial compliance with the conditions prescribed by the general incorporation act in order to prove that it is a corporation *de jure* as well as *de facto*;[4] (3) the view that the matter may be inquired into by third parties, and that under such circumstances it is necessary that the corporation shall show strict compliance with each and every condition precedent prescribed by the general incorporation act in order to establish the fact that it is a corporation *de jure* as well as *de facto*.[5]

For purpose of convenience these three diverging views may be

[1] Stout *v.* Zulick, 48 N. J. Law, 599; 7 Atl. 362; Haas *v.* Bank, 41 Neb. 754; 60 N. W. 85; Duggan *v.* Company, 11 Col. 113; 17 Pac. 105; Central Ag., etc. Ass'n *v.* Company, 70 Ala. 120; Baker *v.* Backus, 32 Ill. 79; Hughes *v.* Bank, 5 Litt. (Ky.) 45; Buffalo, etc. Ry. Co. *v.* Cary, 26 N. Y. 75; Finnegan *v.* Noerenberg, 52 Minn. 239; 53 N. W. 1150; Continental Trust Co. *v.* T., etc. Ry. Co., 82 Fed. 642; City of Guthrie *v.* Territory, 1 Okla. 188; 31 Pac. 190; A. L., etc. Co. *v.* M., etc. R. Co., 157 Ill. 641; 42 N. E. 153; *In re* Gibbs Estate, 157 Pa. St. 59; 27 Atl. 383.

[2] See *ante*, § 6.

[3] See *ante*, § 6.

[4] Jones *v.* Company, 21 Col. 263; 40 Pac. 457; Stout *v.* Zulick, 48 N. J. L. 599; 7 Atl. 362; Finnegan *v.* Noerenberg, 52 Minn. 239; 53 N. W. 1150.

[5] Mokelumne, etc. Co. *v.* Woodbury, 14 Cal. 424; Lucas *v.* Bank, 2 Stew. (Ala.) 147.

distinguished as follows: referring to the first as to the true, the second as the substantial compliance, and the third as the strict compliance rule. Space will permit of discussion here of only the first of the rules just referred to.

The legislatures alone, as has been shown, can create a corporation. Under the modern practice these bodies have passed general incorporation acts entrusting the execution of the law to the executive department of the government. Under the rule now generally established, either by statute or judicial construction, in most of the States a corporation becomes a corporation *de facto* from the moment the charter or certificate of incorporation is issued by the proper State authorities.[1] The basis of holding such certificates as conclusive of corporate existence as against all the world except the State is that where by reason of such certificate a corporation is held out to the world as ready to undertake business, most disastrous consequences would follow to commercial undertakings if any private person was allowed to go back and enter into an examination of the circumstances attending the original incorporation.[2]

The power which creates the corporation it is needless to say should alone have the power to take it away. It should not be permitted to parties other than the State for this reason to collaterally impeach corporate existence, for to permit such impeachment would be in legal effect to permit third parties, for the purpose at least of that particular action, to destroy the effect of the previous action of the State in the premises. On grounds of public policy as to all parties but the State, it should under such circumstances be conclusively presumed that the statutory requirements relative to incorporation have been duly complied with.[3] A corporation must of necessity be presumed to be rightfully in possession of the franchise and rightfully exercising the power which the legislative grant confers. Individual right is not invaded if the presumption is true in fact and there is no usurpation. It is the State — the sovereign — whose rights are invaded and whose authority is usurped. The individual could not create the corporation, could not grant, define, or limit its powers; any grant of these by the sovereign cannot

[1] See *ante*, § 6.

[2] Lake Superior Co. *v.* Morrison, 22 Canada C. P. 224.

[3] Tar River Nav. Co. *v.* Neal, 3 Hawks (N. C.), 520; Welch *v.* Bank, 122 N. Y. 177; 25 N. E. 269.

lessen his right. There can consequently be no cause of complaint by the citizen, and no right to inquire whether the corporate existence is rightful, *de jure*, or merely colorable.[1]

Corporations may exist either *de jure* or *de facto*. If of the latter class, they are under the same protection of the law and governed by the same legal principles as those of the former so long as the State acquiesces in their existence and exercise of corporate functions. A private citizen whose rights are not invaded and who has no cause of complaint has no right to inquire collaterally into the legality of its existence. This can only be done in a direct proceeding on the part of the State from whom is derived the right to exist as a corporation and whose authority is usurped.[2]

A corporation *de facto* may legally do and perform every act and thing which the same entity could do and perform were it a *de jure* corporation. As to all the world except the paramount authority under which it acts and from which it receives its charter, it occupies the same position as though in all respects valid, and even as against the State, except in direct proceedings to arrest its usurpation of powers, its acts are to be treated as efficacious.[3]

Finally, it may be observed that the principle here contended for has been held by at least one court to be applicable to a case where a corporation had incorporated under an unconstitutional law, yet nevertheless the validity of the corporation's existence could not be collaterally attacked, as it had been chartered by the implied consent of the State.[4]

§ 83. **Right of State to attack Corporate Existence in Direct Proceedings.** — This section has reference only to actions brought by the State for the purpose of testing the legality of corporate existence where it is alleged that there has been a failure on the part of the incorporators to perform all the conditions prescribed by statute as a precedent to corporate existence. The action here referred to is that of *quo warranto*, which, even in the absence of statutory provision, may be maintained at common law in behalf of the State against incorporators who assume to exercise corpo-

[1] Lehman *v.* Warner, 61 Ala. 455.

[2] Snider's Sons' Co. *v.* Troy, 91 Ala. 224; 8 So. 658; Tar River Nav. Co. *v.* Neal, 3 Hawks (N. C.), 520.

[3] People *v.* LaRue, 67 Cal. 526; 8 Pac. 84.

[4] Richards *v.* Bank, 75 Minn. 196; 77 N. W. 822.

rate powers without being legally incorporated, for the purpose of ousting them from the exercise of such powers.[1]

In all such proceedings as against the State not merely a *de facto* corporate existence must be shown, but a *de jure* existence as well. The general prevailing view at the present time seems to be that, as against the State in such proceedings, it is necessary to show a specific statute authorizing the creation of corporations of the character of the one against which the *quo warranto* proceedings are brought, and also substantial compliance in the preliminary organization of the corporation with all conditions precedent prescribed by statute.[2]

In *quo warranto* proceedings the burden of proof is upon the corporation to show that it has been legally incorporated.[3] In the proceedings of the character referred to it has been well said that "public policy demands that the power to oust *de facto* corporations from the exercise of corporate powers because of failure to comply substantially with conditions precedent be sparingly exercised."[4]

Were the rule otherwise, disastrous consequences would follow in the commercial world, and in all such cases the courts should take extraordinary care to see that the rights of third parties are fully protected. In proceedings brought by the State, the most important matter to be looked at is whether there has been a failure on the part of the incorporators to comply with the provisions of the statute, which are merely directory as opposed to those that are mandatory. A "directory" provision is one which the legislature did not intend as essential to corporate existence, and the failure to comply with which is a mere irregularity and is not fatal to corporate existence. A "mandatory" provision, on the other hand, is one which must be substantially complied with in order to create a corporation *de jure*.[5] Whether the particular provision of the statute is directory or mandatory is to be determined by "the intention and true meaning of the legislature deduced from the act and sometimes aided by other acts *in pari*

[1] Greene *v.* People, 150 Ill. 513; 37 N. E. 842.

[2] State *v.* Webb, 97 Ala. 111; 12 So. 377; People *v.* Selfridge, 52 Cal. 331; State *v.* Critchett, 37 Minn. 13; 32 N. W. 787; Holman *v.* State, 105 Ind. 569; 5 N. E. 702.

[3] People *v.* Lowden (Cal.), 8 Pac. 66.

[4] Duggan *v.* Company, 11 Colo. 113; 17 Pac. 105.

[5] Newcomb *v.* Reed, 12 Allen, 362; B. W. S. Co. *v.* Inhabitants of Braintree, 146 Mass. 482; 16 N. E. 420.

materia and extraneous circumstances."[1] Even as against the State it is only necessary that a mandatory provision shall be substantially complied with.[2]

§ 84. **When does Corporate Existence commence?** — Where the statute provides, as it does in some of the Commonwealths, that the articles of incorporation shall be filed with State officials or in some local county office or both, the general rule is that the corporate existence dates from the time of filing of the articles with such officials and not from the time it begins to do business.[3] The foregoing seems to be the rule in force in the majority of States. Some of the States, however, provide by statute as to when corporate existence shall commence, as, for example, Alabama, California, Colorado, Connecticut, Delaware, Idaho, Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.[4] In a number of the States corporate existence depends not merely upon filing articles with the Secretary of State, but also upon filing the same in the local recording office of the county where the principal place of business of the corporation is to be located, as, for example, in Arizona, California, Colorado, Delaware, Idaho, Maryland, Montana, New Jersey, Utah, and Wisconsin. In some few of the States the statute by reason of its peculiar provision seems to contemplate the corporate existence shall commence before the filing of articles of incorporation with any official, either State or county; this for the reason that the certificate required to be filed with such officials must be signed by corporate officers. States to which reference is here made are Arkansas, Illinois, Indian Territory, Maine, Massachusetts, Michigan, and Missouri.

[1] Cross *v.* Company, 17 Ill. 54; Eakright *v.* Company, 13 Ind. 404; Newcomb *v.* Reed, 12 Allen, 362.

[2] People *v.* Company, 97 Cal. 276; 32 Pac. 236; State *v.* White, 13 Mo. Appeals 139; People *v.* Cheeseman, 7 Colo. 376; 3 Pac. 716; Newcomb *v.* Reed, 12 Allen, 362; Eakright *v.* Company, 14 Ind. 404; Walworth *v.* Bracket, 19 Mass. 98; B. W. S. Co. *v.* Inhabitants of Braintree, 146 Mass. 482; 16 N. E. 420.

[3] Hanna *v.* Company, 23 O. St. 622; G. M. & S. Co. *v.* Richards, 95 Mo. 106; 8 S. W. 246; Humphreys *v.* Mooney, 5 Colo. 293; V. C. Railway Co. *v.* Clayes, 21 Vt. 30; Borough of Braddock *v.* Company, 189 Pa. 379; 42 Atl. 15; Badger Paper Co. *v.* Rose, 95 Wis. 45; 70 N. W. 302; Hunt *v.* Company, 11 Kan. 412.

[4] See Part II., Synopsis-Digest of the Corporation Laws of the several States and Territories.

There seems to exist in some jurisdictions the theory that in the matter of determining when the corporate existence commences reference must be had, first, to the primary franchise of being a corporation vesting in the incorporators and next to the secondary franchise to do certain specific acts which vests in the corporation.[1] Again, in some States, while filing articles of incorporation constitutes a condition precedent to the creation of corporate existence, it is also a condition precedent to the right of doing business.[2]

Ordinarily corporate existence does not commence until all conditions precedent are performed.[3] There is a very obvious distinction between such acts as are declared to be necessary steps in the process of incorporation and such as are required of the individuals seeking to become incorporated, but which are not made prerequisites to the assumption of corporate powers. With respect to the former any material omission will be fatal to its existence as a corporation *de jure*, as against the State. In respect to the latter, failure to comply therewith is not ordinarily accompanied by forfeiture of its charter powers, but rather goes to the question of the personal liability of the individuals who attempt to do business as a corporation without having complied with all the conditions subsequent.[4]

Corporate existence in this immediate connection ordinarily means full authority to transact business as such in contradistinction to the qualified existence of such corporations which dates from the time of filing the articles of association with the Secretary of State.[5] So too, in those States where organization precedes the filing of a certificate of incorporation, it has been held that a corporation has a qualified existence from the date of the incorporators' first meeting.[6]

In Illinois corporate existence does not commence until the reception of a license from the Secretary of State to take stock

[1] State *v.* Water Co., 61 Kan. 547; 60 Pac. 337.

[2] Gade *v.* Company, 165 Ill. 367; 46 N. E. 286; Martin *v.* Deetz, 102 Cal. 55; 36 Pac. 368; *In re* S. M. Co., 37 Minn. 91; 33 N. W. 219; Johns *v.* People, 25 Mich. 499; G. M. & S. Co. *v.* Richards, 95 Mo. 106; 8 S. W. 246.

[3] Afferton *v.* Company, 67 Ind. 334; Borough of Braddock *v.* Company, 189 Pa. St. 379; 42 Atl. 15; Badger Paper Co. *v.* Rose, 95 Wis. 145; 70 N. W. 302.

[4] Herrod *v.* Hamer, 32 Wis. 162; E. G. L. Co. *v.* Green, 46 N. J. Eq. 118; 18 Atl. 844; M. H. M. Co. *v.* Woodbury, 14 Cal. 424.

[5] Hurt *v.* Salisbury, 55 Mo. 310.

[6] S. G. & P. Co. *v.* Scholfield, 70 Conn. 500; 40 Atl. 182.

subscriptions.[1] It would of course follow, from the necessities of the case, that before a corporation can contract as such, it must have a full and complete organization.[2] While ordinarily such organization is not necessary to the commencement of corporate existence, it is sometimes made so by statute.[3]

[1] Stowe *v.* Flagg *et al.*, 72 Ill. 397; Curran *v.* Bradner, 27 Ill. Ap. 582.

[2] Gent *v.* Company, 107 Ill. 652.

[3] A. & N. T. Ry. Co. *v.* Smith, 15 O. St. 328; U. R. Co. *v.* Holden, 63 N. C. 410; Teitig *v.* Boesman, 12 Mont. 404; 31 Pac. 371.

CHAPTER III.

ORGANIZATION OF CORPORATIONS AFTER INCORPORATION.

§ 85. **The Incorporators' Organization Meeting.** — That a corporation shall have a full and complete organization and existence as an entity before it can enter into any kind of contract or transact any business, would seem to be self-evident. A corporation until organization has no franchises or faculties. Its existence before is but a qualified existence. Its powers are limited for the time being to the right to organize itself into an active corporate organization, and, as we have seen, those engaged in bringing it into being have no power to bind it by contract unless so authorized by the charter. Until organization as authorized by the charter, it does not possess the right to exercise its corporate functions, nor has it a valid existence for all purposes.[1]

In this connection it was observed in a leading case, that "it is often stated in the books that a corporation is created by its charter. This is not precisely correct. The charter only confers the life and provides the instruments by which it may become an acting entity. Such a corporation has been well defined to be an artificial being, existing only in contemplation of law. The instruments provided to bring the artificial being into active operation are the persons named in the charter, and those who by virtue of its provisions may become associated with them. These persons — the incorporators — as natural persons have no such power. The charter confers upon them a new faculty for this purpose, a faculty which they can have only by virtue of the law which confers it." [2]

The better, if not the prevailing, rule appears to be, that not only are the incorporators named in the articles of incorporation entitled to participate in the organization meeting thereof, but also all subscribers to the preliminary stock subscription to the capital stock of the proposed corporation may do so.[3]

[1] Gent *v.* Company, 107 Ill. 652.

[2] Miller *v.* Ewer, 27 Me. 509.

[3] Baltimore City Pass. Ry. Co. *v.* Hambleton, 77 Md. 341; Spear *v.* Crawford,

§ 86. **Organization Meeting, how called.** — The more recent incorporation acts, such as are in force in Connecticut, Maine, Massachusetts, New Jersey, North Carolina, and West Virginia, point out specifically how the organization meeting of a corporation is to be called. Where no such statutes exist the better and safer practice is for all the incorporators, as well as the subscribers to the preliminary subscription agreement to the capital stock of the proposed corporation, to sign a waiver and agreement fixing the time and place for the organization meeting of the corporation.[1]

It has been held that all are not required to be present at the organization meeting who sign the articles of incorporation unless the statute requires it. A majority, it is said, is sufficient.[2] The safer practice, however, is to comply with the rule stated above.[3]

Virginia is one of the few States possessing a statute giving the incorporators the right to assign their interests as such in a prospective corporation. Failure to call a meeting as provided by statute is to be regarded as a breach of a condition subsequent and is not fatal to the creation of a valid corporation.[4]

§ 87. **Organization Meeting, where held.** — It was laid down at an early date by the Supreme Court of Maine in Miller *v.* Ewer,[5] that all acts and proceedings of persons pretending to act in the capacity of incorporators when assumed without the bounds of the sovereignty granting the charter are absolutely void. The principle established in Miller *v.* Ewer has been quite generally adopted in other parts of the country.[6]

The reasoning of these cases is to the following effect: the charter bestows upon the incorporators certain privileges which

14 Wend. 24; Nickum *v.* Burkhardt, 30 Ore. 464; 47 Pac. 788; Waukon, etc. Ry. Co. *v.* Dwyer, 49 Ia. 121; Instone *v.* Company, 2 Bibb. (Ky.) 578; Chester Glass Co. *v.* Dewey, 16 Mass. 94; Haskell *v.* Read (Neb.), 93 N. W. 997.

[1] B. B. R. Co. *v.* Buck, 68 Me. 81.

[2] Packard *v.* Co., 168 Mass. 92; 46 N. E. 433.

[3] See Babbitt *v.* E. J. I. Co., 1 Stew. Dig. 208, § 13, not otherwise officially reported (1876); Walworth *v.* Bracket, 98 Mass. 98.

[4] McClinch *v.* Sturges, 72 Me. 288; Braintree Water Supply Co. *v.* Braintree, 146 Mass. 482; 16 N. E. 420; *In re* British Sugar Refining Co., 3 Kay & J. 408; Porter *v.* Robinson, 40 Hun (N. Y.), 209.

[5] 27 Me. 509.

[6] Freeman *v.* Company, 38 Me. 343; Smith *v.* Company, 64 Md. 85; 20 Atl. 1032; Camp *v.* Byrne, 41 Mo. 525; Humphreys *v.* Mooney, 5 Col. 282; Duke *v.* Taylor, 37 Fla. 64; 19 So. 172; Miller *v.* Parrish, 14 N. J. Eq. 380; Ormsby *v.* Company, 56 N. Y. 623; Mitchell *v.* Company, 40 N. Y. Sup. Ct. 406; F. T. L. Co. *v.* Laigle, 59 Texas, 339; Hodgson *v.* Company, 46 Minn. 454; 49 N. W. 197; Ohio, etc. Ry. Co. *v.* McPherson, 35 Mo. 13; Arms *v.* Conant, 36 Vt. 744; Galveston, etc. Ry. Co. *v.* Cowdrey, 11 Wall. 459; Runyan *v.* Coster, 14 Peters, 122; Augusta Bank *v.* Earle, 13 Peters, 519; Wright *v.* Lee, 2 S. D. 596; 57 N. W. 706.

they can possess only by virtue of the law which confers it; that law is inoperative beyond the bounds of the legislative power by which it was enacted; that, as the foregoing faculty cannot accompany the incorporators beyond the bounds of the sovereignty which creates it, they cannot possess or exercise it there, and can have no more power there to make the artificial being act than other persons not named or associated as incorporators. Therefore any attempt to exercise such a faculty there is merely a usurpation of authority by persons destitute of it and acting without any legal capacity to act in that manner. If the foregoing reasoning be sound, it follows that all fundamental corporate acts and proceedings when assumed without the bounds of the sovereignty granting the charter are absolutely void. The principle here stated has been materially qualified in a large number of jurisdictions by an extended application of the doctrine of estoppel. As an example of this, attention is called to the case of Handley *v.* Stutz.[1]

This was a case where a Kentucky corporation at a meeting of the stockholders of the corporation, held outside of the State, increased the capital stock of the company from one hundred twenty thousand dollars to two hundred thousand dollars. It was contended that this increase was illegal, for the reason that the meeting of the stockholders authorizing it was held outside of the State of Kentucky. The court, in its opinion upon this point, spoke as follows:

"Nor were the proceedings of such meeting any less binding upon those participating in it by reason of the fact that it was held outside of the boundaries of the State under the laws of which the company was incorporated. By act of the Kentucky Legislature, it is provided, that all elections for directors and other officers by private corporations shall be held within the territorial limits of the State of Kentucky, and that any such election held outside of Kentucky shall be void. Beyond the election of officers, however, there is no statutory restriction of corporate action to the limits of the State, and in the absence of such inhibition the proceedings of such meeting would, with regard to directors' meetings, be binding upon all those participating in it, as well as upon those acting upon the faith of its validity or receiving the stock authorized to be issued at said meeting. It is true that there are cases holding that stockholders'

[1] 139 U. S. 417; 11 S. Ct. 530.

meetings cannot be legally held outside of the home State of the corporation, but the question has generally arisen where a majority present had attempted by their action to bind a dissenting minority, or had taken action prejudicial to the rights of third persons. Indeed, so far as we know, the authorities are uniform to the effect that the action taken at such meeting was binding upon those who participated in or partook of the benefits of them. In this case the meeting was attended by all the stockholders but two, who were present by proxy. The vote increasing the stock was unanimous, and it does not lie in the mouth of those who participated in this act, or received the stock voted at this meeting, to question its validity."[1]

Unquestionably the legislature has the legal right, in the absence of constitutional provision, to provide that all meetings of corporations, whether organization or otherwise, may be held outside the State.[2]

§ 88. **Steps Necessary to complete Organization.** — The principal matters which demand attention at the organization meeting of a corporation may be enumerated as follows: (1) the adoption of by-laws; (2) election of directors; (3) providing for the issue and payment of the capital stock of the corporation. The subject of the adoption of by-laws and the payment of the capital stock of the corporation will be left for subsequent consideration.

With respect to the matter of the election of a board of directors the following may be said. Many of the incorporation acts require that the names of the first board of directors shall be set forth in the articles of incorporation, and this ordinarily obviates the necessity of electing a new board at the organization meeting of the corporation.[3] Unless the statute so requires it, it is not necessary, in order to give the incorporators the right to participate in the organization meeting, that they be stockholders.[4] But ordinarily it is contemplated by the incorporation acts that the incorporators shall be stockholders or subscribers for capital stock.

[1] See to the same effect Heath *v.* S. L. Min. Co., 39 Wis. 146; O. & M. Ry. Co. *v.* McPherson, 35 Mo. 13; Ormsby *v.* Vermont Min. Co., 56 N. Y. 632; Humphrey *v.* Mooney, 5 Col. 282; Wright *v.* Lee, 2 S. D. 596; 57 N. W. 706; T. M. Co. *v.* Goodhue, 18 N. C. 981.

[2] Graham *v.* Co., 118 U. S. 161; 6 Sup. Ct. 1009.

[3] Hamilton Trust Co. *v.* Clemens, 163 N. Y. 423; 57 N. E. 614.

[4] Hammond *v.* Straus, 53 Md. 1; Perkins *v.* Berders, 56 Miss. 733; Proprietors, etc. *v.* Dickinson, 6 Gray (Mass.), 586; Coyote *v.* Ruble, 8 Oregon, 284; Densmore Oil Co. *v.* Densmore, 64 Pa. St. 43; Singer Mfg. Co. *v.* Peck, 9 S. D. 29; 67 N. W. 947; Ramsey *v.* Tod, 95 Texas, 614; 69 S. W. 133; Byrnes *v.* Beck, 10 Ga. 121; B. B. & T. Co. *v.* J. B. T. Co. 101 Tenn. 545; 48 S. W. 228; Wechselberg *v.* Bank, 64 Fed. 90.

The right to vote stock is an incident to stock ownership, and was recognized at common law as a property right.[1]

In some few of the States, statutes exist limiting the right of stockholders to own more than a certain percentage of the total stock of the corporation.[2]

Sometimes the incorporators are appointed commissioners to take stock subscriptions. It has been held that the failure of such commissioners to take the oath of office as required by statute, will not render the subscriptions void.[3] Where authority to open books of subscription is given by statute to the incorporators, this authority may be exclusive, so that subscriptions cannot lawfully be received by others. Such subscriptions, however, may of course be ratified by proper parties.[4]

Ordinarily the election of officers is by statute devolved upon the board of directors. However, in some few of the States certain officers are required to be elected by the stockholders.

§ 89. **Adoption of By-Laws.** — A by-law is in effect a continuing rule of action for the government of the corporation, its members and officers.[5] The purpose of a by-law is to regulate and define the duties of the stockholders between themselves and the conduct of the officers and the management of the corporate affairs.[6]

All corporations have the implied power to make by-laws for the government of the corporation and the management of its affairs.[7] Unless otherwise provided by statute, the by-laws must be adopted by the incorporators at their organization meeting or else by the stockholders at a meeting duly called for that purpose.[8]

Some few of the States, among them being South Dakota, North Dakota, and Oklahoma, permit incorporators to adopt by-laws, whether they are subscribers for the capital stock of the proposed corporation or not. Statutory provisions exist in several of the

[1] Commonwealth *v.* Dalzell, 152 Pa. St. 217; 25 Atl. 535.

[2] Mack *v.* Company, 90 Ala. 396; 8 So. 150; Commonwealth *v.* Detwiller, 131 Pa. St. 614; 18 Atl. 990. On right of corporation to vote its own shares see McNeely *v.* Woodruff, 13 N. J. L. 352; *Ex parte* Holmes, 5 Cowen (N. Y.), 426; on right of corporations to vote shares in another corporation see Davis *v.* Company, 77 Md. 35; 25 Atl. 982.

[3] Hollman *v.* Company, 9 Gill & J. (Md.) 462.

[4] N. C. M. Ry. Co. *v.* Eslow, 40 Mich. 222.

[5] N. M. T. S. Co. *v.* Bishop, 103 Wis. 492; 79 N. W. 785.

[6] Flint *v.* Pierce, 99 Mass. 70.

[7] Engelhardt *v.* Association, 148 N. Y. 281; 42 N. E. 710.

[8] M. G. R. Co. *v.* Wysong, 51 Ind. 12.

states, expressly permitting provision to be made, if desired, for the adoption of by-laws by the directors. In the absence of any such statutory authority, by-laws adopted by the directors are not binding unless subsequently ratified by the stockholders.[1] On the other hand, if the directors are vested by statute with exclusive power to pass by-laws, those passed by the stockholders are not valid.[2]

The adoption of by-laws is a constituent act, and for this reason they must be adopted within the State by whose laws the corporation was created, if action of stockholders is necessary to their adoption.[3] In the absence of statutory power or charter provision, by-laws can be altered or repealed by the stockholders alone.[4]

In the absence of statutory prohibition, the power to amend or alter by-laws may be delegated by the stockholders to the directors. In general by-laws must be adopted in conformity to the charter and be reasonable and proper.[5]

The by-laws of a private corporation will be interpreted by the courts as interpreted by the corporation.[6]

The reasonableness of a by-law is a question of law and not of fact.[7]

In drawing by-laws the following rules should govern: they should be made certain;[8] they must be directed to all within the sphere of their operation;[9] they must operate equally upon all to whom applied;[10] they must be lawful as against members possessing rights, and must be reasonable.[11]

Sometimes the statute requires by-laws to be adopted within thirty days after incorporation and copied into a book of by-laws.[12] Such statutes are clearly directory and not mandatory.

§ 90. **Election of Directors.** — The power to choose a board of

[1] Carroll *v.* Bank, 8 Mo. Ap. 253.

[2] *In re* Klaus, 67 Wis. 40; 29 N. W. 582; People *v.* Company, 82 Ill. 457; S. S. Ass'n *v.* Company, 25 Mo. Ap. 642.

[3] *In re* Klaus, 67 Wis. 40; 29 N. W. 582; Mitchell *v.* Company, 40 N. Y. Sup. Court, 413.

[4] M. G. R. Company *v.* Wysong, 51 Ind. 12.

[5] See Kent *v.* Company, 78 N. Y. 182; Bergman *v.* Association, 29 Minn. 275; 13 N. W. 120; Commons *v.* Company, 12 Pa. St. 318; People *v.* Chicago Board of Trade, 45 Ill. 118.

[6] State *ex rel.* Attorney-General *v.* Conklin, 33 Wis. 21.

[7] State *v.* Overton, 4 Zabriskie (N. J.), 435.

[8] Goddard *v.* Merchants' Exchange, 9 Mo. Ap. 290.

[9] *Ex parte* Frank, 52 Cal. 606.

[10] People *v.* Society, 25 Barb. (N. Y.) 7.

[11] Com. *v.* Worcester, 3 Pick. 461; King *v.* Union, 170 Ill. 135; 48 N. E. 677. On failure to post by-laws, see Langon *v.* Company, 49 Ia. 317.

[12] See Hall *v.* Crandall, 29 Cal. 567; Clapman *v.* Doray, 89 Cal. 52; 26 Pac. 605.

directors is inherent in all private corporations irrespective of statute.[1]

The election of directors in connection with the organization of a corporation ordinarily follows the adoption of by-laws. After the organization the election of directors is usually had at the annual meeting of the corporation. In giving the notice of such annual meeting it is customary to specify in the notice that a board of directors is to be chosen.[2]

In choosing the directors it is incumbent upon the incorporators or stockholders, as the case may be, to observe the provisions of the statutes relative to the number of directors to be chosen and their qualifications as to stock-holdings, residence, and citizenship if any such are prescribed by statute. In the absence of such statutes as exist in many of the States authorizing the dividing of directors into classes, so that only a certain portion of the board are elected annually, the full board must be elected each year. In the absence of statute making the ownership of stock a qualification for holding the office of director such ownership is not necessary.[3] Even where the statute requires that directors shall be stockholders, it is not necessary that they shall become such before their election if they become stockholders before entering upon the duties of their office.[4] In the election of directors by the incorporators it is sufficient in order to qualify him that a director be a subscriber for stock, though no certificate has in fact been issued.[5] Where ownership of stock is necessary to qualify one as a director, the prevailing rule seems to be that the moment a director ceases to be a stockholder, he ceases to be a director *de jure* (but not *de facto*) without proceedings having first been taken to remove him.[6]

Where a director is required to take an oath of office before entering upon the discharge of his duties, his failure to take such an oath will not prevent him from becoming a director *de facto*.[7] Any person who can be a business agent for another can, if possessed of statutory qualifications, become a director.[8] Ordinarily

[1] Hurlbut *v.* Marshall, 62 Wis. 590; 22 N. W. 852.

[2] Merritt *v.* Ferris, 22 Ill. 303.

[3] Wright *v.* Company, 117 Mass. 226.

[4] Greenough *v.* Company, 64 Fed. 22.

[5] McComb *v.* Association, 10 N. Y. Sup. 552; Beckett *v.* Houston, 32 Ind. 393.

[6] Dispatch Light Packet *v.* Company, 12 N. H. 205; Wright *v.* Company, 52 N. J. Eq. 352; Howe *v.* Scarborough (Ala.), 35 So. 113.

[7] Simpson *v.* Garland, 76 Me. 203.

[8] People *v.* Webster, 10 Wend. (N. Y.) 554.

it is not necessary that resignations of directors be accepted in order to become effective.[1]

Persons owning a majority of stock have a right to elect directors.[2] It is a fundamental principle in corporation law that a majority of stockholders shall control the policy and regulate the business affairs of the corporation, and to this each stockholder impliedly agrees when he acquires stock in the corporation.[3] However, in order to insure minority representation on the board, cumulative voting for directors is permitted in a large number of the States. Where such right to cumulate votes is mandatory such right cannot be taken away by by-law.[5]

The fact that a corporation begins business with an insufficient number of directors does not invalidate debts contracted by them, nor deprive it of its corporate rights and privileges unless some action is taken by the State to that end.[6] Failure to elect a board of directors annually does not work dissolution. The old board will hold over by implication of law.[7] This is a rule not only established by statute in a large number of the States, but is a well established rule of corporation law in the absence of such statutes.[8] In the election of directors a majority vote of all present is sufficient, provided a majority of the stock is represented at the meeting.[9] Vacancies in the board of directors cannot be filled by the remaining directors, but must be filled by the stockholders, unless such power is expressly granted by statute.[10] Even where the right to fill vacancies is given to the remaining directors it is probably true that there must be present at the meeting a majority of the whole number of directors prescribed by the charter, and that such vacancy be filled by a majority vote thereof.[11]

Unless regulated by statute or by-laws, the board of directors may fix any place within the domiciliary State at which annual

[1] Pres., etc. of Manhattan Co. *v.* Kaldenberg, 165 N. Y. 1; 58 N. E. 790; Briggs *v.* Spaulding, 141 U. S. 155.

[2] Faulds *v.* Yates, 57 Ill. 416.

[3] Wheeler *v.* Company, 143 Ill. 197; 32 N. E. 420.

[5] Tomlin *v.* Bank, 52 Mo. Ap. 430; Wright *v.* Company, 67 Cal. 532; 8 Pac. 70.

[6] Fargason *v.* Company, 78 Miss. 65; 27 So. 877.

[7] Hunter *v.* Company, 26 La. Ann. 13.

[8] Chamberlain *v.* D. S. Works, 103 Mich. 124; 61 N. W. 532; Moses *v.* Tompkins, 84 Ala. 613; 4 So. 763.

[9] Eggleston *v.* Doolittle, 33 Conn. 402.

[10] Moses *v.* Tompkins, 84 Ala. 613; 4 So. 763; Kearney *v.* Andrews, 10 N. J. Eq. 70.

[11] Moses *v.* Tompkins, 84 Ala. 613; 4 So. 763; Nathan *v.* Tompkins, 82 Ala. 437; 2 So. 747.

meetings for the election of directors may be held.[1] Where there are mandatory provisions in the charter, statute, or by-laws as to place of holding annual meetings these must be followed.[2] Where the certificate of incorporation is required to fix the number of directors, such number cannot be changed except by amendment thereof.[3]

In connection with the general subject of election of directors the question not infrequently arises as to the validity of the so-called "voting trusts" now becoming so common in this country. The prevailing and it is believed the true rule on this subject is set forth in Clowes *v.* Miller,[4] where it was held that in the absence of any improper motive such trusts are valid.[5] It is, in the absence of such improper motives, merely a convenient method of voting by proxy.

In the absence of statute, charter provision, or valid by-law to the contrary, holders of preferred stock have the same rights in the election of directors as belong to the holders of common stock.[6] It has been held that stockholders may in voting for directors change their vote while the election is in progress.[7] Mandamus is the proper remedy to compel canvassing of votes at election of directors to determine whether or not such election was valid.[8]

In some of the States there are certain statutory officers known as "Inspectors of Election," who must be chosen preliminary to the election of the board of directors. These inspectors should be chosen in the mode provided in the by-laws.[9] Inspectors have no power, express or implied, to pass upon the eligibility of directors.[10] The failure to have the inspectors sworn before acting as such will not invalidate an election.[11] In the absence of statutory provision

[1] Corbett *v.* Woodward, 5 Saw. 403; Commonwealth *v.* Smith, 45 Pa. St. 59; Pratt *v.* Company, 35 Conn. 365; Duke *v.* Taylor, 37 Fla. 64; 19 Sou. 172; Hilles *v.* Parish, 14 N. J. Eq. 380; Arms *v.* Conant, 36 Vt. 744; Hodgson *v.* Company, 46 Minn. 454; 49 N. W. 197.

[2] McDaniel *v.* Company, 22 Vt. 274.

[3] See Matter of Griffin Iron Co., 63 N. J. L. 168; 41 Atl. 931.

[4] 60 N. J. Eq. 179; 47 Atl. 345.

[5] See also Faulds *v.* Yates, 57 Ill. 416; Moses *v.* Scott, 84 Ala. 608; 4 So. 742; O. & M. Ry. Co. *v.* State, 49 O. St. 668; 32 N. E. 933; Mobile, etc. Ry. Co. *v.* Nicholas, 98 Ala. 92; 12 So. 723.

[6] Mackintosh *v.* R. R. Co., 32 Fed. 350; 54 Fed. 582; Lockhart *v.* Van Alstyne, 31 Mich. 76; Miller *v.* Ratterman, 47 O. St. 141; 24 N. E. 496.

[7] State *v.* McGains, 64 Mo. Ap. 225.

[8] State *v.* McGains, 64 Mo. Ap. 225.

[9] *In re* Excelsior Fire Ins. Co., 16 Abb. Pr. 8; People *v.* Company, 55 Barb. 344; *In re* Lighthall Mfg. Co., 47 Hun, 258; State *v.* Merchant, 37 O. St. 251; Commonwealth *v.* Woelper, 3 S. & R. (Pa.) 29.

[10] *In re* St. Lawrence Steamboat Co., 44 N. J. L. 529.

[11] *In re* M. & H. Ry. Co., 19 Wend. (N. Y.) 135.

or regulation by by-laws providing otherwise, the power to appoint inspectors of election lies with the stockholders alone.[1]

§ 91. **Power to hold Meetings for the Election of Directors without the Domiciliary State.** — The general rule unquestionably is that in the absence of statute or unanimous consent of all the stockholders no election of directors by the stockholders can be legal, so as to make them directors *de jure*, when had at a meeting called without the limits of the State under whose laws the corporation is created.[2]

Twelve of the Commonwealths have statutes expressly authorizing the holding of stockholders' meetings without the domiciliary State. In any event, it seems to be now well settled that where all the stockholders meet without the State and transact business thereat, even though such business be the annual election of directors, the stockholders present at such meeting are estopped to question the validity of the proceedings had thereat.[4] An excellent method of validating any action taken by stockholders at meetings held without the domiciliary State is to have subsequent action taken by the stockholders at a meeting called within the State ratifying what has been previously done by them without the State. This, it has been held, cures all previous defects.[5]

§ 92. **Voting by Proxy.** — At common law, voting of stockholders at annual meetings or special meetings was required to be done in person.[6] In the absence of statute, charter provision, or valid by-law giving stockholders this right, the same rule would apply at the present day.[7]

[1] State *v.* Merchant, 37 O. St. 251.

[2] Harding *v.* American Glucose Co., 182 Ill. 551; 55 N. E. 577. See Hodgson *v.* Company, 46 Minn. 454; 49 N. W. 197; Freeman *v.* Company, 38 Me. 343; Smith *v.* Silver Valley Min. Co., 64 Md. 85; 20 Atl. 1032; Aspinwall *et al. v.* Ohio & M. R. R. Co., 20 Ind. 492; W. H. & H. Mining Co. *v.* King, 45 Ga. 34; Hiles *v.* Parrish, 24 N. J. Eq. 380; Arms *v.* Connant, 36 Vt. 750; Bellows *v.* Todd, 39 Iowa, 209; Franco-Texas Land Co. *v.* Laigle, 59 Tex. 339; Mack *v.* De Bardelben, etc. Co., 90 Ala. 396; 8 So. 150; Duke *v.* Taylor, 37 Fla. 64; 19 So. 172; Camp *v.* Byrne, 41 Mo. 525; Mitchell *v.* Vt. Copper Min. Co., 40 N. Y. Sup. Ct. 406; Galveston, etc. Ry. Co. *v.* Cowdrey, 11 Wall. 459; 20 Law Ed. 199. The principle of estoppel may be applied here. Handley *v.* Stutz, 139 U. S. 417; 11 Sup. Ct. 530.

[4] T. M. Co. *v.* Goodhue, 18 N. Car. 981; Handley *v.* Stutz, 139 U. S. 417; 11 Sup. Ct. 530.

[5] G. I. & E. Co. *v.* Toler, 80 Md. 278; 30 Atl. 657.

[6] Perry *v.* Company, 93 Ala. 364; 9 So. Rep. 217.

[7] Phillips *v.* Wickham, 1 Paige (N. Y.), 590; Taylor *v.* Griswold, 14 N. J. L. 222; P. H. S. Bank *v.* Superior Court, 104 Cal. 649; 38 Pac. 452; State *v.* Tudor, 5 Day, 329; People *v.* Crossley, 69 Ill. 195; Perry *v.* Company, 93 Ala. 364; 9 So. 217.

Owing to the unquestioned right of a corporation to adopt a valid by-law permitting voting by proxy, even in the absence of a statute authorizing it, the question has ceased to be one of any great practical importance in the country to-day. Besides this, statutes exist in all of the States and Territories, except Arizona and Georgia, expressly authorizing the voting of stock by proxy. It should be observed, however, that where the right to vote by proxy is given by statute without restriction it cannot be qualified by by-law.[1]

Proxies may be issued in blank and lawfully filled in by the holder.[2] It has been held that stockholders cannot give an irrevocable proxy to secure the payment of a debt.[3] It is against the settled rules governing the control of corporations that an irrevocable power of attorney which directs the vote on stock, should be vested in a person who has no interest in the stock or is not a representative of a person interested therein.[4]

The foregoing suggests the question as to whether or not voting trusts, so common at the present time, are valid. A "voting trust" may be defined to be an agreement of stockholders to give any designated trustee the right to vote at his discretion through stockholders for a given period of time. It may be said that such voting trust is valid where neither the purposes nor the means used contravene any constitutional or statutory provision or well-recognized principles of public policy, and are within the scope of the powers of the contracting parties.[5]

§ 93. **First Directors' Meeting.** — The principal business to be transacted at the first meeting of the board of directors of a corporation is (1) the election of the officers provided for in the by-laws; (2) the carrying into effect the resolutions passed at the organization meeting of the stockholders, if any, looking to the payment of the stock in property, or, in lieu thereof, the

[1] Bank *v.* Superior Court, 104 Cal. 649; 38 Pac. 452.

[2] Matter of White, 45 Hun, 580; Matter of Townsend, 46 N. Y. St. Rep. 135.

[3] Matter of Germicide Co., 65 Hun, 606; 20 N. Y. Sup. 495.

[4] Clowes *v.* Miller, 60 N. J. Eq. 179; 47 Atl. 345.

[5] M. & O. R. *v.* Nichols, 98 Ala. 92; 12 So. 723; Smith *v.* Company, 115 Cal. 584; Kreisel *v.* Distilling Co., 61 N. J. Eq. 5; 47 Atl. 471; Brightman *v.* Bates, 175 Mass. 105; 55 N. E. 809; Moses *v.* Scott, 84 Ala. 608; 4 So. 742; Clowes *v.* Miller, 60 N. J. Eq. 179; 47 Atl. 345; Sullivan *v.* Parkes (N. Y.), 69 Ap. Div. 221; 74 N. Y. Sup. 786; Freon *v.* Company, 42 O. St. 30. See however Shepaug Voting Trust Case, 60 Conn. 553; 24 Atl. 32; Harvey *v.* Company, 118 N. C. 693; 24 S. E. 489.

passage of a resolution by the board of directors ordering an assessment, either in whole or in part, upon the par value of the capital stock. The general rule appears to be that unless the governing statute or a by-law of the corporation expressly provides that directors' meetings should be held within the domiciliary State, that such meetings may be held without the limits of such State if desired.[1]

Some courts, however, apparently distinguish in this regard between meetings of the board of directors for the election of officers and those meetings merely called for the transaction of routine business. Such courts hold that meetings of the first class must be held within the domiciliary State, while the others may be held without such State if desired.[2] In nearly half of the States statutes exist authorizing the holding of directors' meetings without the State. It is unquestionably true that where incorporators can perform constituent acts outside of the domiciliary State directors can elect officers in like manner.[4]

When calling the directors together for their first meeting, the mode of notice provided for in the by-laws must be given. In the absence thereof personal notice must be given, or a waiver of notice must be had from each of the directors.[5] It is hardly necessary to state in this connection that no director can lawfully delegate power to act for him to another person.[6]

At common law a majority of the directors present and voting at a meeting was necessary to constitute a quorum of the full board.[7] In some few of the States, notably Oregon, statutory provisions exist permitting less than a majority of the board of directors to constitute a quorum. Provisions in statutes and by-laws requiring the election of directors to be held on a specified date are ordinarily construed to be merely directory.[8] The general rule is that a majority of the directors constitute a quorum

[1] Thompson *v.* Company, 58 Miss. 423; Lead Co. *v.* Reinhard, 114 Mo. 218; 21 S. W. 488; Bassett *v.* Mining Co., 15 Nev. 293; Parsons *v.* Lent, 34 N. J. Eq. 67; Hanna *v.* Company, 23 O. St. 622.

[2] Smith *v.* Mining Co., 64 Md. 85; 20 Atl. 1032; G. I. & E. Co. *v.* Toler, 80 Md. 278; 30 Atl. 651.

[4] Ohio, etc. R. R. Co. *v.* McPherson, 35 Mo 13.

[5] Bank *v.* McCarthy, 55 Ark. 473; 18 S. W. 759; B. B. R. Co. *v.* Buck, 68 Me. 81; Library *v.* Association, 173 Pa. St. 30; 33 Atl. 744.

[6] Perry *v.* Company, 93 Ala. 364; 9 So. 217; Craig Medicine Co. *v.* Merchants' Bank, 59 Hun, 661; 14 N. Y. Sup. 16.

[7] Blackwell *v.* State, 36 Ark. 178.

[8] Beardsley *v.* Johnson, 121 N. Y. 224; 24 N. E. 380.

for the transaction of business, and a majority of the quorum have power to bind the corporation by their votes.[1]

§ 94. **Election of Corporate Officers.** — In nearly all of the States statutes exist designating certain officers that business corporations must have, and providing that such officers shall be elected by the board of directors duly convened for that purpose. Where, however, as is sometimes the case, this power is devolved upon the stockholders by statute, then directors have no power to elect such officers.[2] In the absence of such statutes as are here referred to, giving the directors power to elect officers, it must be admitted that the current of authority is to the effect that the power then lies in the stockholders alone.[3]

The law implies that directors shall hold their office until their successors have been elected and qualified.[4] Where vacancies occur in the board of directors they must be filled, in the absence of statute, charter provision, or by-law giving the power to the directors, by the stockholders only, and even where the power to fill vacancies is lawfully bestowed upon the remaining directors, vacancies can then be filled only by action of a majority of the authorized number of directors.[5]

Questions of policy, or management, or expediency of contract or action, or consideration of gross misappropriation or unlawful appropriation of corporate funds to the detriment of corporate interests, are left generally to the decision of the directors if their powers are without limitation and free from restraint. To hold otherwise would be to substitute the judgment and discretion of others in place of those determined on by the scheme of incorporation.[6]

§ 95. **Appointment of Executive Committee.** — The incorporation acts of Connecticut, Delaware, Massachusetts, Nevada, New Jersey, North Carolina, Virginia, and West Virginia all authorize the appointment by the board of directors from their own number of an executive committee to whom may be entrusted most of the ordinary duties that devolve upon the full board of directors.

[1] Ten Eyck *v.* Company, 74 Mich. 226; 41 N. W. 905; see also Hoyt *v.* Thompson, 19 N. Y. 207.

[2] See *In re* St. Helen Mill Co., 13 Saw. 92; Walsenberg Water Co. *v.* Moore, 5 Col. App. 144; 38 Pac. 60.

[3] Beardsley *v.* Johnson, 121 N. Y. 224; 24 N. E. 380; *In re* A. A. G. Iron Co., 63 N. J. Law, 168, 357; 41 Atl. 931; 46 Atl. 1097.

[4] People *v.* Runkle, 9 Johnson (N. Y.), 147; Huguenot Nat. Bank *v.* Studwell, 6 Daly (N. Y.), 713.

[5] Moses *v.* Tompkins, 84 Ala. 613; 4 Sou. 763.

[6] Ellerman *v.* Ry. Co., 49 N. J. Eq. 217; 23 Atl. 287; Ulmer *v.* Company, 98 Me. 579; 57 Atl. 1001.

It was at one time held that the performance of any duties by the board of directors involving the exercise of discretion and judgment could not be so delegated.[1] The modern rule, even in the absence of statute, is that directors have the power to delegate to a part of their own number authority to perform any part of the ordinary business of the corporation, even though it involves the exercise of the broadest judgment and discretion.[2]

In any event, whenever a question is raised as to the validity of acts done by an executive committee, the ratification of their action by the full board will undoubtedly correct all defects in the act complained of which would have been valid in the first instance if performed by the board itself.[3]

§ 96. **Stock Assessments.** — Where the capital stock of a corporation is not all issued in the first instance in exchange for property, it is customary for the board of directors to pass a resolution at their first meeting, making an assessment upon the stock of stockholders either for its entire par value or some fractional part thereof. Generally speaking, in order to sustain a right of action on stock subscriptions, it is necessary to show that a valid call or assessment has been made.[4] An assessment is a rating or fixing of the proportion by the board of directors or by the stockholders, which every subscriber is to pay of his subscription, of which notice is given, which notice is referred to as a "call."[5]

While it is doubtless true that a "call" may be made either by the directors or the stockholders, nevertheless it is usually made by the directors. This of course necessitates the organization of the corporation as a preliminary to the making of a valid assessment.[6] The purpose of the "call" is to fix the time for payment where that is not provided for either by statute, charter provisions, or by-law.[7] The better rule seems to be that the

[1] Gillis *v.* Bailey, 21 N. H. 149.

[2] Hoyt *v.* Thompson, etc., 19 N. Y. 207; Burden *v.* Burden, 159 N. Y. 187; 54 N. E. 17; Jones *v.* Williams, 139 Mo. 1; 40 S. W. 383; Davis *v.* Company, 2 Utah, 74; Tempel *v.* Dodge, 89 Texas, 69; 32 S. W. 514; 33 S. W. 222; Metropolitan Telephone Co. *v.* Company, 44 N. J. Eq. 568; 14 Atl. 907; Sheridan Electric Light Co. *v.* Bank, 127 N. Y. 517; 28 N. E. 467.

[3] U. P. Ry. Co. *v.* Company, 163 U. S. 564; 16 S. Ct. 1173.

[4] Chandler *v.* Siddle, 5 Fed. Cases No. 2594; 3 Dillon, 477.

[5] Spangler *v.* Company, 21 Ill. 276.

[6] Williams *v.* Taylor, 120 N. Y. 244; 24 N. E. 288; Williams *v.* Company, 153 Ind. 496; 55 N. E. 425.

[7] West *v.* Crawford, 80 Cal. 19; 21 Pac. 1123; W. S. Bank *v.* Bank, 107 Mo. 133; 17 S. W. 644; Champion Fire Kindler Co. *v.* Rischert, 74 Mo. Ap. 537.

directors have implied power by virtue of their office to make assessments.[1]

In any event, shareholders may delegate such power to the directors when the same is given to them by statute or by-law.[2] It is questionable, however, whether the directors have power in their turn to delegate the power of making assessments to some ministerial officer.[3] In the making of assessments the utmost care should be observed to see that all the statutory requirements relative to the same are complied with.

§ 97. **Certificates required to be made by Officers or Directors after Organization.** — In Maine, Massachusetts, Arkansas, and Indiana the statutes require that the board of directors together with certain of the corporate officers shall file a certificate of organization with certain officers. Ordinarily the failure to file such certificate would not affect the legal character of the corporation unless there was a statutory provision to that effect.[4] In Illinois, Missouri, Tennessee, and Utah a certificate of due organization is issued to the corporation by State officials.[5]

In New York, New Jersey, District of Columbia, Nevada, Indiana, Massachusetts, North Carolina, and Colorado the law requires that after the payment, either in whole or in part, of the capital stock a certificate shall be made and filed in the proper State office setting forth the facts relative to such payment.[6] In some of the States, notably New Jersey, failure to file such certificate renders the officers neglecting or refusing to make such certificate for thirty days after written request so to do, jointly and severally liable for all debts contracted before the filing of such certificate.[7]

Unless there is a penalty provided, such provisions are merely directory.[8]

[1] Budd *v.* Company, 15 Ore. 413; 15 Pac. 659; Smith *v.* Company, 1 How. (Miss.) 479.

[2] Rives *v.* Company, 30 Ala. 92.

[3] Pike *v.* Company, 68 Me. 445; S. H. Road *v.* Green, 12 R. I. 164.

[4] *In re* Shakopee, etc. Co., 37 Minn. 91; 33 N. W. 219; Franklin Bridge Co. *v.* Wood, 14 Ga. 80; *In re* Philadelphia Artisans Institute, 8 Phila. 229; A. S. A. & G. Co. *v.* Whittier, 117 Mass. 451.

[5] See Boston Acid Mfg. Co. *v.* Moring, 15 Gray (Mass.), 251.

[6] Also in Delaware upon request of a creditor or stockholder.

[7] Nassau Bank *v.* Brown, 30 N. J. Eq. 478; Waters *v.* Quinby, 27 N. J. L. 296. See S. F. N. Bank *v.* Almy, 117 Mass. 476; Chase's Pat. El. Co. *v.* Company, 152 Mass. 428; 28 N. E. 300; Chase *v.* Lord, 77 N. Y. 1; Block *v.* Womer, 100 Ill. 328; Hardman *v.* Sage, 124 N. Y. 25; 26 N. E. 354; Flash *v.* Conn, 16 Fla. 428; Austin *v.* Berlin, 13 Col. 200; 22 Pac. 433.

[8] Veeder *v.* Undgett, 95 N. Y. 295

§ 98. **Time in which Corporation must organize and commence Business.** — Over half of the States have provisions upon their statute books requiring corporations to organize and commence business within from one to five years after the issuance of their charter.[1] Usually the penalty for failure to so organize and commence business is the right given to the State to bring proceedings for the forfeiture of the corporation's charter on the ground of non-user thereof during the statutory period. It is undoubtedly true, however, that as against all but the State failure to organize and commence business within the time limited by statute will not prevent it from becoming a corporation *de facto*.[2]

§ 99. **Stock Certificates.** — Stock certificates are the muniments and evidence of the holder's title to a given share in the property and franchises of the corporation in which he is a member.[3] Subscribers to the capital stock upon complying with the terms of their subscription are entitled to certificates of stock showing the number of shares owned by them. These certificates must be signed by the officers designated for that purpose by statute or, in the absence of statutory provision, by such officers as are designated in the by-laws for that purpose.[4] A seal is not necessary to the validity of a corporation of stock in a corporation (although it is customary to affix one), and this, too, even in the presence of statutory requirements.[5] Neither is it necessary to the validity of a stock certificate that it should be issued in the State of the corporation's domicile.[6] Generally speaking, however, the stock certificate book, seal, and stock transfer books must be kept within the State unless the statute provides otherwise.[7]

Statutory provisions exist in nearly all the States providing the minimum and maximum par value of shares of capital stock.[8] In some few States the statute expressly provides that all the stock certificates issued by a corporation shall be of a uniform par value. Even in the absence of such a mandatory provision, it is at least

[1] See People *v.* Ry. Co., 45 Cal. 306; Commonwealth *v.* Water Co., 110 Pa. St. 391; 2 Atl. 63.

[2] Lehman *v.* Warner, 61 Ala. 455; S. L. A. & T. H. Ry. Co. *v.* Company, 158 Ill. 390; 41 N. E. 916; County of Macon *v.* Shores, 97 U. S. 272.

[3] Mechanics Bank *v.* Company, 13 N. Y. 599.

[4] N. O. & T. P. Co. *v.* Bank (Ohio), 24 Wk. Law Bul. 198; Titus *v.* G. W. T. Road, 61 N. Y. 237.

[5] Fitzhugh *v.* Bank, 3 Monroe (Ky.), 128; Halsted *v.* Dodge, 1 How. Pr. (N. Y.) 170.

[6] Courtright *v.* Deeds, 37 Ia. 503.

[7] Perkins *v.* Lyons, 111 Ia. 192; 82 N. W. 486.

[8] See Part III. Table 6, page 576.

questionable whether the courts would sustain the issuance of stock certificates of more than one designated par value.[1] In the absence of statute prohibiting the same, corporations may insert in stock certificates such stipulations as they choose relative to the rights of the holders of such certificates, and these constitute valid contracts between the stockholders and the corporation.[2]

[1] See *In re* Cressona Building Ass'n, 1 Legal Register (Pa.), 177. As to meaning of par value, see Commonwealth *v.* Company, 129 (Pa.) St. 405; 18 Atl. 414; Delafield *v.* Illinois, 2 Hill (N. Y.), 172.

[2] Pioneer Co. *v.* Brockett, 58 Ill. Ap. 204.

CHAPTER IV.

ISSUANCE AND PAYMENT OF CAPITAL STOCK.

§ 100. **General Remarks as to the Issuance and Payment of Capital Stock upon the Organization of a Corporation.** — In connection with the issuance and payment of capital stock following the organization of a corporation, several important matters should be considered, such, for example, as the time within which the capital must be paid in; the question as to how the capital must be paid in with reference to whether in cash, in property, or in services; and, finally, consideration of the safest and most convenient method to be adopted by the corporation so that it can sell a portion of its capital stock at less than par, if necessary, for the procuring of working capital for the corporation; and this, too, without subjecting the purchasers of such stock to any liability to creditors for alleged unpaid stock subscriptions thereon.

It appears that in certain of the States, notably South Dakota and Tennessee, it is not necessary that any of the capital stock be either subscribed or paid in, in order that the corporation may transact business.[1] In the several States provisions of the several incorporation acts in force therein differ greatly in regard to the matter of the time within which capital stock must be paid in. New York requires that half of the authorized capital be paid in within one year; Missouri, fifty per cent thereof immediately; Maryland, one-fourth of the capital must be paid in each year; in Indiana, manufacturing corporations must pay in all their capital within eighteen months. Twenty of the States require a certain percentage of the capital to be paid in, in order to commence business; while in twenty-five a certain percentage of the authorized capital must be subscribed. As a general rule the effect of the provisions of law here referred to when they are not complied with has been held not to affect the existence of a corporation as a corporation *de jure*, but merely afford ground for a

[1] See *ante*, § 2.

judgment of ouster in a proper action brought by the State for that purpose.[1]

Sometimes the statutes go further and require certificates as to the payment of the capital stock to be filed in designated offices.[2]

§ 101. **Manner of Payment of Capital Stock.** — Probably no subject of corporation law is more involved in apparently hopeless confusion than that growing out of the question of the payment of capital stock of corporations where the rights not only of stockholders, but creditors as well, are involved. Frequent attempts have been made from time to time by both State legislatures and the courts looking to the enactment or declaration of rules which will remove the question from its present vague and unsatisfactory form into the realm of certainty and security. It may not be without its practical value to trace here the sporadic development of the various doctrines that have been advanced from time to time relative to both how the capital stock of a corporation may be paid in, and when so paid in whether the valuation placed upon the property accepted by the corporation in exchange for stock, shall be conclusive alike upon stockholders and creditors. The common law rule with reference to the manner of payment of the capital stock of a corporation appears to have been from time immemorial that it must have been paid for either in money or money's worth.[3] In this country such a rule seems to have obtained at an early date. Even when required, by constitutional provision or statute, that stock should be paid for in cash, nevertheless the courts early adopted the view that the same might be paid for in money or money's worth. Otherwise it would simply put the corporation to the necessity of issuing stock in the first instance for money, and then ordering it to be immediately paid out for necessary labor, property, or services.[4]

The next step in order of development was the enactment of either constitutional or statutory provisions expressly authorizing

[1] Baker *v.* Backus, 32 Ill. 79; Fargason *v.* Company, 78 Miss. 65; 27 So. 877; Hammond *v.* Strauss, 53 Md. 1; People *v.* Chambers, 42 Cal. 201; People *v.* Bank, 7 Col. 226; 3 Pac. 214; Palmer *v.* Lawrence, 3 Sandf. N. Y. 161; Lake Ontario, etc. R. Co. *v.* Mason, 16 N. Y. 451; Spartenburg, etc. R. Co. *v.* Ezell, 14 S. C. 281; State *ex rel.* *v.* Webb, 97 Ala. 111; 12 So. 377.

[2] See Quinby *v.* Waters, 28 N. J. L. 533. See *ante*, sec. 97.

[3] Drummond's Case, L. R. 4 Chan. Ap. 772.

[4] Liebe *v.* Knapp, 79 Mo. 22; Camden *v.* Stuart, 144 U. S. 104; 12 S. Ct. 585; Kronert *v.* Johnston, 19 Wash. 96; 52 Pac. 605.

the payment of stock of corporations in money, property, or services. Later came a wave of constitutional enactments mainly confined to the Western States, to the effect "that no corporation should issue stock except for money, labor done, or property actually received, and declaring that all fictitious increase of stock should be void." In early times, when the number of corporations formed were few in number, and their charters limited to a few purposes, the courts were seldom called upon to determine whether or not capital stock had been actually paid in in accordance with law,—this for the reason that in most cases the mode of payment of such stock had been in cash. However, early in the nineteenth century the question became a vital one through the not infrequent attempts on the part of certain corporations to pay for their stock in property taken at a valuation which in the opinion of many was largely fictitious if not fraudulent. When such corporations became insolvent, creditors, and sometimes before that time stockholders, brought the question in its practical form before the courts as to whether such valuation were binding not only upon the corporation, but upon its creditors as well. It was such a case which led Justice Joseph Story in 1824 to give utterance to the famous "trust fund doctrine" to the effect that the capital stock of a corporation is to be regarded at all times as a fund held in trust by the corporation for the benefit of its creditors.[1]

In its practical application the trust fund doctrine was found to be an instrument of injustice rather than of justice. Besides this it had never received the sanction of the common law, as it existed in England before the Revolution, and had not in its last analysis any right to demand recognition on the broad basis laid down for it by its founder. By degrees the majority of the courts refused to recognize the trust fund doctrine, at least in its original form, and declared upon the only safe ground, which was that stockholders should only be held liable to creditors on stock issued in exchange for property, upon the ground of fraud.[2] At the same time the courts divided upon the question whether in the appraisal of property taken in exchange for capital stock corporations should be required to appraise such property at its true value without regard to the intention of the parties upon whom the duty of

[1] See Wood *v.* Dummer, 3 Mason, 308; Fed. Cases No. 17944.

[2] See opinion of Justice Wm. Mitchell in Hospes *v.* Company, 48 Minn. 174; 50 N. W. 1117.

making such appraisal was imposed, or whether they should treat all such appraisals as conclusive upon both the corporation and creditors when made in good faith and where no actual fraud appeared in the transaction. At this time, too, the courts almost universally decided to distinguish in this regard between the rights of the corporation and its stockholders on the one hand and the rights of creditors on the other. Such a distinction as is here referred to was evidenced by the adoption of the rule now recognized everywhere that a valuation placed upon stock by the corporation may be valid and binding upon the corporation and its stockholders and yet not conclusive as against creditors.[1]

The doctrine here referred to is well stated by Judge Showalter in a Federal case as follows :[2]

"Whatsoever may have been in fact the value of the property turned over to the company for its stock, the latter agreed to take it for the stock. The persons interested were the stockholders, and there was no dissent on the part of any person concerned in what was thus done. Neither any person thus holding stock nor any person who afterwards became a stockholder by assignment from one who then held stock can now make complaint on behalf of the corporation against the lawfulness of that transaction. This I take to be the settled law on that subject."

The next evolutionary step is to be found in the recognition by both the legislatures and courts of a number of the Commonwealths of the unsatisfactory results attending the application of not only the narrow and falsely conceived "true value rule" above referred to, but that of the "good faith rule" as well. It was clearly seen that something further was needed in order to remove the subject for all time from its situation of uncertainty and doubt. Both the legislatures and the courts of these Commonwealths undertook to remedy the matter, with what success it will hereafter appear. Certain of the States, such as New Jersey, New York, Delaware, West Virginia, Connecticut, and others, enacted statutes providing in substance that in those cases where corporations attempted to issue their capital stock as fully paid in exchange for property,

[1] Handley *v.* Stutz, 139 U. S. 417; 35 L. E. 227; Scovill *v.* Thayer, 105 U. S. 143; 26 L. E. 968; Barr *v.* Company, 125 N. Y. 263; 26 N. E. 145; Parmalee *v.* Price, 208 Ill. 544; 70 N. E. 725.

[2] Northern Trust Co. *v.* Company, 75 Fed. 936.

the valuations placed upon such property by the board of directors thereof should, in the absence of actual fraud or gross overvaluation, be conclusive in the premises. Again, other States sought to remedy the evil in a surer, if less generally satisfactory form. Thus, for example, Michigan, Virginia, Florida, and other States have acts upon their statute books requiring a description of the property which they desire to accept in exchange for their capital stock to be submitted to State officials in order that the valuation placed upon such property by the corporation may be approved by such State officials before the stock can be issued; the act further generally providing that after such appraisal has been approved by the State officials, it should be conclusive in the premises.

Turning now to the efforts of the court on their part to remedy the evil above referred to, the following may be said. Without in terms adopting what is hereinafter referred to as the "speculative value rule" the courts in recent years have often recognized, in connection with attempts on the part of corporations to issue stock as full paid in exchange for property, the distinction that clearly obtains between property which has either a well-known or easily ascertained market value and that other species of property of the character commonly known as "speculative," which without any present large intrinsic value, possesses nevertheless in almost every instance a large value for future speculative purposes, not determinable, however, by the ordinary market value standards. Such a rule, when generally recognized, will have the effect in law of practically dividing corporations into two great classes with respect to the question of issuing stock thereof in exchange for property, to wit, non-speculative and speculative corporations.

On the subject now before us certain portions of the able report of the Massachusetts legislative committee on corporations rendered in 1903, is so peculiarly instructive and appropriate that we venture to quote the following extract therefrom:

"The history of corporations, as well as the logic of the case, shows that there are possible two general theories as to the State's duty in creating corporations: first, the old theory that, being creatures of the State, they should be guaranteed by it to the public in all particulars of responsibility and management; and the modern quite opposite theory that, in the absence of fraud in its organization

or government, an ordinary business corporation should be allowed to do anything that an individual may do. Under the old theory, the capital stock of a corporation was, in the law, considered to be a guarantee fund for the payment of creditors, as well as affording a method of conveniently measuring the interests of the individual owners of a corporate enterprise. There resulted from this principle not only the fundamental proposition that the capital stock, being in the nature of a guarantee fund, should be paid up at its full par in actual cash, but all the other provisions to protect creditors or other persons having dealings with the corporation: such as, that the debts of a corporation should not exceed its capital stock, designed primarily in the interest of creditors and secondarily in that of the stockholders, who were looked after as carefully as if they were the wards of the State when dealing in corporation matters. Under the modern theory the State owes no duty to persons who may choose to deal with corporations, to look after the solvency of such artificial bodies; nor to stockholders, to protect them from the consequences of going into such concerns, the idea being that in the case of ordinary business corporations the State's duty ends in providing clearly that creditors and stockholders shall at all times be precisely informed of all the facts attending both the organization and the management of such corporations, and particularly that there should be full publicity given to all details of the original organization thereof.

"The committee has had little hesitation in determining which of these theories it should adopt. The limit of capitalization both in amount and in valuation to the net tangible assets of the corporation has unquestionably had much to do with the arrest of corporate growth in this Commonwealth. Good-will, trade-marks, patents may unquestionably be valuable assets, which, under our present method, may not be capitalized. Admirable as this theory may have been, of payment of capital stock in full in cash, the condition is so easily avoided in practice that the result is that our existing law promises a protection which, in reality, it does not afford, and is merely an embarrassment to those who feel obliged to comply not only with the letter but with the spirit of the law. It is no longer true that persons dealing with corporations rely upon the State laws to guarantee their solvency or their proper management. The attempts of the Commonwealth to do so by laws still remaining on its statute books result, as we apprehend, only in a false sense of security; and we believe that the act proposed, while giving up the attempt to do the impossible thing, will really, by its greater attention to the details of organization required to be made public by all corporations, result in an advantage to stockholders and creditors more substantial than the

present partial attempt to enforce a principle impossible of complete realization and which is, under existing laws, easily evaded.

"It is impossible to reconcile or combine the two systems. Either the old theory must be maintained, under which the State attempts though vainly to guarantee both to stockholders and creditors that there is one hundred dollars of actual value behind each one hundred dollars of par value of capital stock, or some other system must be adopted which, while not being chargeable with the vagueness and laxity of the newer legislation of other States, will permit a share of capital stock, although nominally one hundred dollars in value, to represent, as the word implies, only a certain share or proportion, which may be more or less than par, of whatever net assets the corporation may prove to have. Under a system of this sort the State machinery will only provide that the stockholders and, perhaps, the creditors, may at all times have access to the corporation records or returns in such manner as clearly to show, both at organization and thereafter, all of the property or assets of which such share of capital stock actually represents its proportion of ownership.

"The question of monopoly the committee does not conceive to have been left to its consideration. The limitations now existing on the capitalization of business corporations are, no doubt, attributable to the sentiment which has always existed against monopoly, but it is clearly the policy of the Commonwealth, as shown in its recent legislation, to do away with the attempt to prevent large corporations, simply because they are large. Moreover, it is apprehended that the question of monopoly, or rather of the abuse of the power of large corporations, does not result necessarily from the size of corporations engaged in business throughout the United States. In the opinion of the committee, some confusion has been created, in the discussion of the form of so-called trust legislation, by a failure to appreciate that its real object is not to protect the investor, who can or should learn to take care of himself, or the creditor who has already learned to do so. The real purpose of such legislation is the protection of the consumer. In other words, there is no reason for an arbitrary limitation of capitalization unless it can be used as a means of creating a monopoly which will influence the price of commodities. In the opinion of the committee, the question of capitalization is not a contributing factor in the fight for a monopoly. The United States Steel Company would have no greater and no less a monopoly of the steel business if it were organized with one-half of its present capitalization. The Standard Oil Company has a very conservative capitalization, and yet it is the most complete monopoly of any industrial corporation in this country.

"At all events, it is no better for the State to leave its citizens at the mercy of the large corporations created by other less careful sovereignties, than to permit the organization of corporations adequate to the demands of modern business under its own laws, subject to its own more careful regulation and control. Under our State and Federal system it is practically impossible for any one State, by its own laws, to control foreign corporations, but so far as possible at present the committee has sought to subject them to the same safeguards of reasonable publicity and accurate returns, both as to organization and annual condition, as the State requires of its own corporations. The simple requirement of an annual excise tax, based on the capitalization of such foreign corporations, will serve to bring them under the control of this State, and the way will be open for their further regulation if desirable. This annual tax has been levied upon the same principle as the corresponding tax paid by home corporations. The State should impose no greater burden on foreign corporations than on its own, but should, so far as possible, subject them to its own laws.

"The committee would repeat its opinion that, so far as purely business corporations are concerned, and excluding insurance, financial, and public service corporations, the State cannot assume to act, directly or indirectly, as guarantor or sponsor for any organization under corporate form. It can and should require, for itself and for the use of all persons interested in the corporation, the fullest and most detailed information, consistent with practical business methods, as to the details of its organization, the powers and restrictions imposed upon its stockholders, and as to the property against which stock is to be or has been issued.

"Capital stock may be paid for in cash or by property. If it is paid for in cash, it may be paid for in full or by instalments, and a machinery has been created for protecting the corporation against the failure of the subscribers to stock to pay the balance of their subscriptions. If stock is paid for by property, the incorporators and not the State are to pass upon its value. Before any stock, however, can be issued for property, a description of the property sufficient for purposes of identification, to the satisfaction of the Commissioner of Corporations, must be filed in the office of the Secretary of the Commonwealth. This document becomes a public record, and may be consulted by any one interested in the corporation. If the officers of a corporation make a return which is false and which is known to be false, they are liable to any one injured for actual damages. If a full and honest description is made of property against which stock is issued, a stockholder cannot complain because of his failure to inform

himself by personal examination or investigation of the value of the property in which he is, or contemplates becoming, an investor.

"The second principle upon which the committee has acted in its specific recommendations is this: that the State should permit the utmost freedom of self-regulation if it provides quick and effective machinery for the punishment of fraud, and gives to each stockholder the right to obtain the fullest information in regard to his own rights and privileges before and after he becomes the owner of stock."

§ 102. **Payment of Capital Stock in Services.** — The statutes of Alabama, Arkansas, California, Colorado, Delaware, Florida, Idaho, Kentucky, Maine, Missouri, Montana, North Dakota, South Carolina, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin expressly authorize the payment of stock in services. It sometimes becomes a question of importance to know just what is meant by "services" as used in this connection.[1] Frequently attempts are made to issue stock to persons gratuitously for the use of their name in the promotion of the corporation under the theory that permission to use their name is a proper service rendered to the company, against which stock may be issued. The current of authority seems to be against this proposition.[2]

Still again, the constitutional provision which exists in many of the States declaring all fictitious increase of stock void militates against such lines of procedure.[3]

Oftentimes an attempt is made to issue stock to promoters of corporations under what is known as "promotion stock." The promoters are usually the incorporators, and as such are not entitled to gifts of stock.[4] However, if in the promotion of the company services and time have been employed, the same may be recompensed to the extent of the just value of such services.

§ 103. **Payment of Capital Stock in Property.** — In most of the Commonwealths statutes exist expressly authorizing the payment of capital stock of a corporation in property. Even in the absence

[1] See Arapahoe, etc. Co. *v.* Stevens, 13 Col. 534; 22 Pac. 823; Clevenger *v.* Moore (N. J.), 58 Atl. 88.

[2] P. S. Bank *v.* Company, 105 Mich. 535; 63 N. W. 514; Christensen *v.* Eno, 106 N. Y. 97; 12 N. E. 648; Handley *v.* Stutz, 139 U. S. 417; 35 Law Ed. 227; Fogg *v.* Blair, 139 U. S. 118; 35 Law Ed. 104.

[3] See Hellerman *v.* Maier, 116 Cal. 416; 48 Pac. 377.

[4] Brown *v.* F. S. H. Co., 119 Fed. 472.

of such statute stock may doubtless be issued in the same manner, provided the purchase of such property is within the express or implied powers conferred by the charter and the property is of such a character as to be suitable for the specific purpose for which the corporation was formed.[1] Some few of the States describe in considerable detail just what kinds or classes of property may be accepted by the corporation in exchange for its capital stock. The incorporation acts of Alabama, North Carolina, Virginia, West Virginia, and New Jersey are particularly full in this regard. In the absence of such provisions corporations under the restrictions stated above may accept in payment of their capital stock all kinds of real and personal property having some monetary value, such as mining lands, gas lands, patent rights, secret formulæ, trade-marks, and the good will of an established business.[2]

The payment of capital stock may be made in notes, bonds, or mortgages in the absence of any statutory or charter prohibition.[3] But as to creditors, if the notes, bonds, or mortgages should turn out to be worthless, the parties accepting such stock might be compelled to pay the par value of such stock in money.[4] So it has been held that stock of a corporation may be paid for in advertising,[5] in a license to take minerals from lands,[6] and in stock in other corporations.[7]

In other words, capital stock of a corporation may be issued against any property which the corporation is authorized to purchase, or which is necessary for its legitimate business.[8]

One of the most frequent questions with which an attorney has to deal in connection with the organization of a corporation has reference to devising some safe method whereby stock may be legally issued in the first instance as full paid and non-assessable, to be thereafter sold below par if necessary for the purpose of procuring a working capital for the company. The main thing

[1] Liebke *v.* Knapp, 79 Mo. 22.

[2] Loud *v.* Company, 153 U. S. 564; 141 S. Ct. 928; Carr *v.* La Fevre, 27 Pa. 417; American Tube & Iron Co. *v.* Company, 165 Pa. St. 489; 30 Atl. 940; Young *v.* Company, 65 Mich. 111; 31 N. W. 814; Washburn *v.* Company, 81 Fed. 17; Whitehill *v.* Jacobs, 75 Wis. 474; 44 N. W. 630; Bank *v.* Company, 32 W. Va. 37; 59 S. E. 243; Kelly *v.* Clark, 21 Mont. 319; 53 Pac. 959.

[3] Goodrich *v.* Reynolds, 31 Ill. 490; Stoddard *v.* Company, 44 Conn. 545.

[4] Bouton *v.* Denent, 123 Ill. 142; 14 N. E. 62.

[5] Liebke *v.* Knapp, 79 Mo. 22.

[6] Shepard *v.* Drake, 61 Mo. Ap. 134.

[7] East N. Y. J. R. Co. *v.* Lighthall, 36 How. Pr. 481.

[8] Bruner *v.* Brown, 139 Ind. 600; 38 N. E. 318.

to be kept in mind in connection with the foregoing is to see that the stock is so issued that future purchasers thereof shall not be liable thereon either to the corporation or to creditors. This can be accomplished most satisfactorily in the following manner.

Have the corporation accept the proposition to issue its capital stock, either in whole or in part, against real or personal property to be thereafter duly conveyed or transferred to the corporation. Next the property so conveyed or transferred should be appraised at a valuation which will stand the test according to the character of the property so conveyed or transferred of either the good faith or the speculative value rules already referred to. The next step is for the party to whom such stock is issued to transfer such stock, either in whole or in part, back to the corporation under a trust agreement providing that the same shall be sold at such times and at such prices as to the board of directors of the corporation will seem advisable for the purpose of procuring the necessary working capital. Under such circumstances the stock so transferred, while originally issued at par, may be sold at the best price obtainable, and the purchasers will not incur liability beyond the agreed price even to subsequent creditors.[1] The same is true of stock that has been forfeited for non-payment of assessments.[2]

§ 104. **Statement of True Value Rule.** — In connection with the appraisal of property taken by a corporation in exchange for its capital stock, the courts have established various rules with a view to laying down some satisfactory principle upon which such appraisal may be based in those cases where creditors seek to enforce as against the holders of such stock an alleged liability for unpaid stock subscriptions. The various rules here referred to may be enumerated as follows: "the true value rule," "the good faith rule," and "the speculative value rule." It is to the first of these that our attention will now be directed.

What is known as "the true value rule" is a natural outgrowth of the adoption by many of the courts of the trust fund doctrine enunciated by Judge Story in Wood *v.* Dummer.[3] This may be

[1] Iron Co. *et al. v.* Hayes *et al.*, 165 Pa. St. 489; 30 Atl. 936; Lake Sup. Iron Co. *v.* Drexel, 90 N. Y. 87; Davis Bros. *v.* Company, 101 Ala. 127; 8 So. 496; Alling *v.* Wenzel, 133 Ill. 264; 24 N. E. 551; M. & L. R. Ry. Co. *v.* Dow, 120 U. S. 287; 7 S. Ct. 482; Coleman *v.* Howe, 154 Ill. 458; 39 N. E. 725; Kimball *v.* Company, 69 N. H. 485; 45 Atl. 253.

[2] Pullman *v.* Company, 73 Ill. Ap. 313; Otter *v.* Company, 50 Barb. 247.

[3] 3 Mason, 308; Fed. Cases, No. 17944.

stated as follows: That the courts will not treat anything in the shape of property accepted by the corporation in exchange for its capital stock as payment thereof except to the extent of the true value of the property received, wholly without regard to the presence of fraud or the absence of good faith in the transaction.[1]

Not only has the true value rule been adopted by many courts, irrespective of statute, but it has found legislative recognition as well. Thus the incorporation act of Alaska requires that such property shall be assessed at its true money value; that of Connecticut and Delaware, at its actual value; in Kentucky, at its market price; in North Dakota and South Carolina, at its true money value; in Tennessee and Utah, at its fair cash value, and Florida, at a just valuation. In Connecticut, Massachusetts, and North Dakota the necessity of making such appraisal according to the strict letter of the statute is very forcibly suggested by making the directors liable to all parties injured thereby in case they fail to make such appraisal as directed by the act. Statutory provisions which exist in so many of the States declaring all fictitious increase of stock void have been held by the courts not to make the validity of an over-issue of stock dependent upon the inquiry whether the money or property received therefor was of equal value in the market with the stock so issued, or to restrict private corporations acting without the approval of their stockholders in the sale of their stock for money, property, or labor done upon such terms as they might deem proper, provided always that the transaction is a real one, based upon present consideration, having reference to legitimate corporate purposes, and is not merely a device to evade the law and accomplish that which is forbidden.[2]

§ 105. **Statement of Good Faith Rule.** — As has already been observed in a previous section,[3] the trust fund theory of Justice Story no longer obtains in a majority of the States. With the absence of any general recognition by the courts of this doctrine, there necessarily followed the abrogation of the true value rule, which was based largely upon the trust fund doctrine. In its place has appeared in many jurisdictions what is known as the "good faith rule." The true value rule in its practical application was harsh and unconscionable, was wholly in the interest of

[1] Shickle *v.* Watts, 94 Mo. 410; 7 S. W. 274.

[2] Smith *v.* Company, 115 Cal. 584; 47 Pac. 582; M. & L. R. Ry. Co. *v.* Dow, 120 U. S. 287; 7 S. Ct. 482.

[3] *Ante*, § 101.

creditors, and made little account of the interests of equally innocent stockholders. The good faith rule, on the other hand, while often difficult of practical application, is much more liberal and fair to all concerned than the rule which it is now so rapidly supplanting. It may be stated as follows:

That where the governing statute authorizes the shares to be paid for in property instead of cash, or where the law of the State concedes this power, then the fact that they are so paid for at a fair valuation of the property, affords no ground of complaint to the creditors, provided such payment is made and accepted in good faith. In fact, in order to render the transaction void either gross over-valuation or actual fraud must be shown.[1]

In order to obtain a clear understanding of the distinction that exists between the true value rule and the good faith rule, it is necessary to understand the reasons which actuated so many of the courts in repudiating in the first instance the trust fund doctrine in order to clear the way for the adoption by such courts of the good faith rule. Nowhere will be found a better statement of this matter than that presented by Justice William Mitchell of the Minnesota Supreme Court in the case of Hospes *v.* Northwestern Manufacturing Company.[2]

"It is difficult," said Justice Mitchell, "if not impossible, to explain or reconcile decisions and cases bearing upon the trust fund doctrine, or, in the light of them, to predicate the liability of the stockholder upon that doctrine. But by putting it upon the ground of fraud, and applying the old and familiar rules of law on that subject to the peculiar nature of a corporation and the relation which its stockholders bear to it and to the public, we have at once rational and logical ground on which to stand. The capital of a corporation is the basis of its credit. It is a substitute for the individual liability of those who own its stock. People deal with it and give it credit on the faith of it. They have a right to assume that it has paid in capital to the amount which it represents itself as having; and if they give it credit on the faith of that representation, and if the representation is false, it is a fraud upon them; and in case the corporation becomes insol-

[1] Bank *v.* Alden, 129 U. S. 372; 32 L. E. 725; Rood *v.* Wharton, 74 Fed. 118; Coit *v.* Company, 119 U. S. 343; 7 S. Ct. 231; Boynton *v.* Hatch, 47 N. Y. 225; Van Cott *v.* Van Brunt, 82 N. Y. 535; Whitehill *v.* Jacobs, 75 Wis. 474; 44 N. W. 630; Young *v.* Company, 65 Mich. 111; 31 N. W. 814.

[2] 48 Minn. 174; 50 N. W. 1117.

vent the law, upon the plainest principles of common justice, says to the delinquent stockholder, 'Make that representation good by paying for your stock.' It certainly cannot require the invention of any new doctrine in order to enforce so familiar a rule of equity. It is the misrepresentation of fact in stating the amount of capital to be greater than it really is that is the true basis of the liability of the stockholders in such cases; and it follows that it is only those creditors who have relied, or who can fairly be presumed to have relied, upon the professed amount of capital, in whose favor the law will recognize and enforce an equity against the holders of 'bonus stock.' This furnishes a rational and uniform rule, to which familiar principles are easily applied, and which frees the subject from many of the difficulties and apparent inconsistencies into which the 'trust-fund' doctrine has involved it; and we think that even when the 'trust fund' doctrine has been invoked the decision in almost every well-considered case is readily referable to such a rule."

Another statement of the good faith rule is to be found in Kelley *v.* Company,[1] to the following effect: If the nature of the property and the extent of the valuation are such that the latter might have been due to errors of judgment, then to render the transaction invalid as against creditors actual fraud must be shown, and the question is one of fact. On the other hand, if the over-valuation is so gross that it could not have been due to mere errors of judgment, the transaction will be held fraudulent as a matter of law.[2]

§ 106. **Statement of "Speculative Value Rule."** — It must be admitted that neither the "true value rule" nor the "good

[1] 21 Mont. 319; 51 Pac. 959.

[2] Coleman *v.* Howe, 154 Ill. 458; 39 N. E. 725; N. H. H. N. Co. *v.* Company, 142 Mass. 349; 7 N. E. 773; Hastings Malting Co *v.* Company, 65 Minn. 28; 67 N. W. 652; Northern Trust Co. *v.* Company, 75 Fed. 936; affirmed in Dickinson *v.* Northern Trust Co., 80 Fed. 452; Washburn *v.* Company, 81 Fed. 17; Goodrich *v.* Reynolds, 31 Ill. 490; Edwards *v.* Company, 27 La. Ann. 474; Whitehill *v.* Jacobs, 75 Wis. 474; 44 N. W. 630; Humaston *v.* Company, 20 Wall. 20; State *v.* Webb, 110 Ala. 214; 20 So. 462; Skinner *v.* Smith, 134 N. Y. 240; 31 N. E. 911; Parmalee *v.* Price, 208 Ill. 544; 70 N. E. 725; Phelan *v.* Hazard, 19 Fed. Cases No. 11068; 5 Dill. 45; Smith *v.* Ferrier, etc. Ry. Co. (Cal.), 51 Pac. 710; Jenkins *v.* Bradley, 104 Wis. 540; 80 N. W. 1025; Gamble *v.* Q. C. W. Co., 123 N. Y. 91; 25 N. E. 201; Young *v.* Erie Iron Co., 65 Mich. 111; 31 N. W. 814; Bank *v.* Alden, 129 U. S. 372; 32 L. E. 725; Coffin *v.* Ransdell, 110 Ind. 417; 11 N. E. 20; Bickley *v.* Schlag, 46 N. J. Eq. 533; 20 Atl. 250; S. R. C. S. Co. *v.* Rankin, 45 Ill. Ap. 226; Bruner *v.* Brown, 139 Ind. 600; 38 N. E. 318; Gilkie, etc. Co. *v.* D. T., etc. Co., 46 Neb. 333; 64 N. W. 978; A. T., etc. Co. *v.* Hays, 165 Pa. St. 489; 30 Atl. 936; Jones *v.* Whitworth, 94 Tenn. 602; 30 S. W. 736; M. T. Co. *v.* S. C., etc. Co., 16 Wash. 499; 48 Pac. 333; Taylor *v.* Cummings, 127 Fed. 108.

faith rule" affords a satisfactory basis for determining all questions that may arise relative to the issuance of the capital stock of a corporation as full-paid and non-assessable in exchange for property transferred to it. In practice, neither the inequitable "true value rule" nor the fairer "good faith rule" will be found to rest on any satisfactory or substantial basis. Of late years, without in terms calling it by that particular name, courts of high repute have in substance adopted what will be termed here the "speculative value rule." This may be defined as that rule whereby a corporation is permitted, in issuing its capital stock as full paid and non-assessable in exchange for either real or personal property, to appraise the latter at its potential speculative value, looking towards its future development rather than at its present intrinsic value. The statement of the rule would be incomplete without adding that in all cases where such appraisal is questioned, the burden of proof of attacking the same is upon the creditor.

The rule in its practical application throws upon the creditor the burden of showing that, viewed from a purely speculative standpoint, the appraisal made by the corporation of such property constituted not merely an over-valuation, but a fraudulent over-valuation as well. Before attempting to discuss at length the "speculative value rule," as stated above, it might not be without its advantage to trace briefly those evolutionary steps along legal lines which appear to have paved the way for a fuller recognition on the part of the courts of the rule here contended for. In the first place, we have the enunciation by Justice Story, in 1824, of the now all but moribund "trust fund doctrine" already referred to.[1] Then ensued a period of years when the courts, one after another, proceeded to adopt the doctrine just mentioned, although it was unknown to the common law. Gradually, however, it came to be recognized that the trust fund theory was wrong in principle as well as inequitable, leading in its practical operations to harsh and unconscionable results. This gradually led to the adoption by many courts of a better and more enlightened doctrine which predicated the liability of stockholders to creditors, not upon the trust fund doctrine, but upon the sounder ground of fraud.[2]

[1] See Wood *v.* Dummer, 3 Mason, U. S. 308.

[2] See statement of this doctrine by Justice Mitchell in Hospes *v.* Company, 48 Minn. 174; 50 N. W. 1117.

This was followed by the enunciation on the part of certain courts of several important rules governing the question of the burden of proof in cases where attempts were made by creditors to enforce an alleged stockholder's liability, on the ground that the property against which such stock had been issued had been grossly over-valued. A fair presentation of the rules here referred to may be found in the opinion of the Supreme Court of Minnesota, in Hastings Malting Co. *v.* Iron Range Brewing Co.,[1] reading as follows:

"In principle it can make no difference whether the stock issued as paid up is bonus stock, pure and simple, or whether it was sold for cash for less than its par value, or for property at a gross over-valuation. In the first two cases the question of fraud would be one of law, for on the issuing by the corporation of its stock as paid and its acceptance by the stockholders when in fact nothing was ever paid for it, or where a sum of money less than its par value was paid and accepted for it, there is no opportunity for a mistake of judgment; the law in such cases presumes an intention to defraud. Ordinarily, however, the question is one of fact.

"Upon principle and authority a corporation may in good faith issue paid up shares of its stock for the purchase of property at a fair valuation, and in such case the corporation and its creditors are bound by it.

"In the practical application of the rule it must be kept in mind that fraud, actual or constructive, is the basis of the stockholders' liability to the creditor. On the one hand, the value of the property is to be determined, not from subsequent events, but as of the time of the transaction, and from the nature, situation, and condition of the property as they honestly appeared to the parties at the time. Although there was in fact an over-valuation of the property, it will not render the stockholders liable for the deficiency if it was the result of an honest mistake or error of judgment. On the other hand, where the nature and condition of the property are such that its value is well known and understood, or is capable of being readily estimated and ascertained, and the property is transferred to the corporation at a gross over-valuation for paid-up shares, the transfer is *prima facie* fraudulent as to subsequent creditors, and as against them the burden is upon the shareholders to rebut the presumption."

It is a principle of law universally recognized that, except in cases of trust relationships, the burden of proof in all cases relative

[1] 65 Minn. 28; 67 N. W. 652.

to proof of fraud is cast upon the party who alleges that such fraud exists.[1]

By no stretch of the imagination can the relationship that exists between creditors of a corporation and the corporation itself be termed a "trust relationship." The relation is neither confidential nor fiduciary, as the same is construed by the courts.[2] There is no more reason for treating this relationship as one of trust than there is in the case of ordinary creditors and debtors. It was doubtless, however, as a sort of concession to the fanciful trust fund doctrine of Justice Story, that there early appeared a tendency, upon the part of certain courts, to engraft thereon the absurd principle that, where the board of directors of a corporation have duly appraised in the first instance property taken by the latter in exchange for its capital stock, the rule should obtain that where such property has a well known or easily ascertained value, and is taken at a valuation which to the court seems greatly in excess of its real value, then in such cases it will be presumed that such valuation is not made in good faith, but is made for a fraudulent purpose. To overcome this presumption the burden is upon the stockholders to introduce satisfactory evidence explanatory of this presumptively fraudulent over-valuation. Some courts even went further, and asserted that where the over-valuation was so great that the fraudulent intention appeared on its face and it is not explained, it should be held fraudulent as a matter of law, without submitting the question to a jury.

These drastic rules had full sway for a number of years, until certain of the courts saw fit to modify their rigor to no inconsiderable extent. Then the rule was enunciated that where stock has been paid for either in property or services, although it appears that there was an over-valuation in appraising the same, yet if it appears to the court not to be so gross and unconscionable as to compel it to say, as a matter of law, that it must have been intentional, it will be presumed that the valuation was honestly made, and the burden of attacking the same will be upon the creditors who seek to hold the stockholders upon an alleged stockholders' liability for unpaid stock subscriptions.[3]

[1] See Phelan *v.* Hazard, 5 Dil. 45; Bickley *v.* Schlag, 46 N. J. Eq. 533.

[2] See Robinson *v.* Pope, 57 Cal. 496.

[3] Coleman *v.* Howe, 154 Ill. 458; 39 N. E. 725; Davis Bros. *v.* Company, 101 Ala. 127; 8 S. W. 496; Manhattan Trust Co. *v.* Company, 16 Wash. 499; 48 Pac. 333.

So much, then, for the historical development of the various doctrines relative to the subject matter now before us. Turning again to consider the "speculative value rule," the same must be looked at from two separate and distinct standpoints, to wit: (1) as dividing all properties which a corporation proposes to take over in exchange for its capital stock into two broad and well-defined classes, known respectively as "speculative" and "non-speculative" properties; (2) as establishing a rule for appraising the value of speculative properties based not upon the intrinsic value of the same, but rather upon their availability for purposes of speculation, looking towards an enhancement of their present value by the future expenditure of funds in the development thereof.

Let us now turn our attention to the classification of properties above referred to designated as "speculative" and "non-speculative." "Speculative" properties may be defined as those whose nature is such that they have not only a present intrinsic value, but a considerable potential value as well, speculative in its nature, and dependent upon future development in order to arrive at a definite estimation as to the amount thereof. Non-speculative properties, on the other hand, are those whose intrinsic worth alone gives them a market value or a value which can be easily ascertained by reference to well-recognized standards of value. In the first class of properties might be enumerated mining rights, patent rights, oil and gas lands, secret processes and trade secrets, patent medicines, etc. In the second class might be named real estate to be employed for business, dwelling, farming, and grazing purposes, stock in trade and personal property which is the common subject of bargain and sale between man and man at current prices, determined by the law of supply and demand. In the opinion of the Supreme Court of Minnesota, in Hastings Malting Company *v.* Iron Range Brewing Company, cited above, it will be noted that the rule that is to be applied in those cases where the nature and condition of the property are such that its value is well known or understood, or is capable of being readily estimated and ascertained, is clearly stated. The opinion, however, fails to state with equal clearness the rule that is to be applied where the value of the property is not of the character just described, but is of that type herein referred to as "speculative," having no present or well-known readily ascertained

value, but depending entirely upon future development in order to determine what such value may be. By implication only is the true rule in such cases suggested by the Minnesota court. However, in Kelly *v.* Clark,[1] the Montana Supreme Court in effect declares the rule in such cases to be that where the property is speculative in character, and as such the alleged over-valuation thereof may have been possibly due to errors in judgment, then the burden of proof is upon the creditors seeking to attack the valuation by showing actual fraud in the transaction.

Let us turn now to the question as to how the valuation of speculative properties is to be ascertained. Generally speaking, the rule to be adopted is this: "What, under all the circumstances, considering the proposed use to which it is to be put, and the general purpose for which the corporation was created, is the fair value of the property against which its capital stock is to be issued?"[2] In this age of speculative enterprises it is a matter of common knowledge that the value of properties taken over by corporations about to embark in speculative enterprises is dependent almost wholly upon their availability for the purpose in hand and upon the promise which external appearances give them as to their having a large and considerable potential value. Thus, for example, sixty square feet of land may have a very small intrinsic value when considered as farming, grazing, or residence property, and yet possess an immense potential value when treated as mining property. It is the expectation of success which induces investors to put their money into such enterprises, and which justifies a valuation far in excess of the property's intrinsic value. Such valuations, it must be admitted, are necessarily arbitrary in character. This fact the legislatures in many States have recognized, and the courts should not hesitate to do the same.[3]

The value of property which is transferred to the corporation is also not to be estimated by what it cost the promoter. It is the speculative and experimental results which afford a basis for the large valuation. By value in such cases is meant the speculative value for the uses and purposes of the company in its proposed speculative enterprise, and not the actual market value or the

[1] 21 Mont. 291; 53 Pac. 959.

[2] See Gamble *v.* Company, 123 N. Y. 91; 25 N. E. 201.

[3] See Civil Code of Montana, 1895, § 410.

actual intrinsic value thereof at the time the properties are taken over by the company.

The view of the matter here presented was first suggested, it is believed, by the United States Circuit Court many years ago in the case of the South Mountain Consolidated Mining Co.[1] At the trial below in this case the court spoke as follows:

"The mode in which mining companies are formed is familiar to all. The owners of the property, or persons expecting to become such, by complying with a few simple formalities form themselves into a corporation, to which the property is conveyed. The amount of capital stock which is required to be stated in the certificate of incorporation is usually fixed at a purely arbitrary sum, and divided into as many shares as convenience or caprice may dictate. It neither bears nor is intended nor supposed by the public to bear the slightest relation to the real value of the property — a value nearly always conjectural and very often imaginary."

In this same case on appeal the court observed as follows:[2]

"The mode of forming mining corporations is well known to any body. A prospector finds, as he supposes, a valuable mine. It requires capital to work it which he does not possess. He goes to the money and business centres, where he finds capitalists accustomed to organize corporations for the development of new mines, and makes such arrangements as he can. He presents such evidence of the value of his mine as he has obtained. Little is known of the real value. It may be worth nothing and it may be worth millions. Parties are found willing to take hold of the enterprise. They agree to incorporate and fix the capital stock at some purely nominal amount, and divide it into a certain number of shares, corresponding to the amount of capital adopted. The owner of the mine, for an agreed number of shares and in consideration of the promises of the other parties to assist in the development of the mine, conveys the mine and receives for it the amount of stock agreed upon. The other parties, for their services in organizing and managing the company and its business, receive a large portion of the stock, this being usually a considerable amount of stock reserved by the company, which is put upon the market and sold for such price as can be obtained, to raise a fund to secure machinery and develop the mine. The price of this stock is of course determined by the prospect of the mine, its location, and its probable richness, and the confidence of the public reposed in

[1] 7 Sawyer, 30; 8 Sawyer, 366.

[2] 8 Sawyer, U. S. 366.

the experience, ability, and character of those having the management. Mining corporations are *sui generis*. They are organized and carried on upon principles wholly different from banking, railroad, insurance, and ordinary commercial corporations having a subscribed capital stock."[1]

But nowhere is the speculative element in the valuation of property better considered than by the Supreme Court of Pennsylvania, in the case of Iron Co. *et al. v.* Hays *et al.*[2] The facts in this case briefly stated are as follows:

A corporation was organized by two co-partners to take over certain lands owned or leased by them and believed to contain gas and oil. They capitalized the company for $500,000, and issued the whole of its capital stock to themselves against the properties above referred to. These latter had an intrinsic value representing but a very small percentage of the capitalization of the company. The incorporators retained $175,000 of the capital stock of the corporation for their own benefit, and transferred the balance to the corporation in trust to be sold by the board of directors thereof for the purpose of procuring working capital for the corporation. Later on, the lands proved to be practically worthless, and the company became insolvent, and creditors thereof sued the stockholders, alleging that the stock held by them had not been fully paid for. In passing upon the various legal questions involved, the court spoke as follows:

"Attention should be called first to the method of organization, to the facts showing the situation of the parties, the necessity for obtaining corporate powers, and the provision made for a working capital with which to enter upon the proposed corporate enterprise.

"The corporators had been partners. As such they had been engaged in procuring leases and drilling wells in search for oil. In their search they had not been successful, but two of the wells drilled by them proved to be valuable gas wells. This, taken in connection with other developments in the same general region, was well calculated to induce the belief that they were the possessors of a large and valuable gas territory that should be promptly developed and utilized or its value would steadily decline by reason of drainage from the operation of others. They could not utilize their gas without transporting it to a market. They could not transport it to advantage except as a natural gas company possessing the powers conferred by

[1] *In re* South Mountain Con. Min. Co., 8 Saw. 366.

[2] 165 Pa. St. 489; 30 Atl. 936.

law. This determined them to organize a corporation for the production and transportation of natural gas and to transfer their gas wells and leases to the corporation. When this had been decided on, the first question to present itself was, how shall the partnership convey its property to the corporation so as to secure to its members the same relative interest in the stock of the corporation they now have in the partnership property? The next question was, how shall we secure the necessary working capital to enable the corporation to go forward with the work of producing, transporting, and selling natural gas? In a general way these questions were answered by the adoption of the scheme already referred to. The value of the properties held by the firm was set down at $175,000, the working capital needed at $325,000. To meet both purposes the capital stock of the corporation was fixed at $500,000. *It was all to be issued as paid up stock in exchange for the property conveyed to the corporation,* subject to the agreement that all except $175,000 thereof was to be contributed to the treasury to be sold as a means of raising the money needed for a working capital. . . .

"In what respect, then, have the defendant stockholders failed in the performance of their undertaking to the corporation? The scheme was to turn over all the gas wells, leases, etc. to the corporation for $175,000, and provide it with the means of prosecuting the gas business *by putting into its treasury paid up stock, or what should be sold as paid up stock,* to the amount of $325,000 more. . . .

"The court below found 'that the facts in evidence, connected with the fact that within a few months it was demonstrated that the property was of very small value, threw on the stockholders the burden of showing clearly that the sale from themselves to themselves was in good faith on a reasonable belief in the value of the property.' *But what has the fact that, after some months spent in development of their territory, the corporation found itself disappointed in its productiveness and a heavy loser in consequence, to do with the good faith of their purchase or the reasonableness of the price?*

"*These are to be judged of by the facts before them when the arrangement was made. The character of the gas wells already opened, the extent of the territory covered by the leases, its relation to other developments, its nearness to an adequate market, and the probable duration of the supply within reach, were the considerations that would affect the judgment of buyers and sellers and of the business public as to its value. The subsequent disappointment must therefore be left out of the case, and the transaction examined in the light in which it was seen when the arrangement was entered into. When this is done and the absence of any suggestion or finding of fraud is remembered, it is not easy to see*

what there is in the case to shift the burden of proof or to require the stockholders to establish the good faith of the transaction which the plaintiffs have not attacked. The action proceeds on the theory that the subscriptions to the capital stock are wholly unpaid. The proofs show that they were paid exactly in accordance with the agreement, and that this payment had been recognized by the corporation from the first. The decree, as finally made, seems to rest on the conclusion that although paid they were paid in property which was taken at too high a price. It is true that no such thing was alleged in the bill or shown in the proofs, but if the value of the property is to be determined in the light of subsequent events, a light which the parties did not have when this sale was arranged, the conclusion of the court below would be reasonable. The trouble with it, however, is, that it rests on the intrinsic value of the property as ascertained by actual developments made after the sale, while the real question relates to the apparent value as indicated by the circumstances existing at the time of the sale. . . .

"We should agree with the court below that the property was sold at more than its actual value, if that value was to be determined by subsequent results rather than by prospects as they appeared at the time of sale. But if the parties were mistaken in relation to its value, we do not see how, in the absence of any averment of fraud in the transaction, the sale can be disregarded and the subscriptions to the capital stock treated as unpaid. The proofs show that they were paid exactly in accordance with the agreement under which they were made, and until that agreement is attacked as fraudulent, the creditors stand in no better position than the corporation itself. The decree is reversed so far as it requires payment of the stock subscriptions or any part thereof."[1]

So much, then, for the question as to the proper basis for appraising property of a speculative character when the same is transferred to the corporation in exchange for its capital stock. Let us add a few more words to what was said in the foregoing opinion relative to the question as to where the burden of proof lies in such cases, when the valuation placed upon the property is impeached by creditors who seek to enforce an alleged stockholder's liability for unpaid stock subscriptions. Let us note in this connection, first, the statement of the law made by the Court of Appeals of Maryland in Brandt *v.* Ehlen,[2] where the court observed "we take the law to be well settled, that a company

[1] See also Kelly *v.* Clark, 21 Mont. 291; 53 Pac. 959; Montana Ry. Co. *v.* Warren, 6 Mont. 275; 12 Pac. 641.

[2] 59 Md. 1.

may receive, in payment of the shares of its capital stock, any property which it may lawfully purchase. So long as the transaction stands unimpeached for fraud, the courts will treat as a payment that which the parties shall agree to be a payment, and this too in cases where the rights of creditors are involved." The Supreme Court of Massachusetts in a recent case[1] observed that it appears to be well settled that in the absence of fraud an agreement can ordinarily be made by which stockholders can be allowed to pay for their shares in patents, mines, or other property to which it is not easy to assign a determinate value. At least, one court of high authority has adopted the rule that where one becomes a creditor of a corporation knowing the manner in which its stock has been paid, he is deemed to waive his right to assert that there has been an over-valuation of the property against which the corporation issued its stock.[2] It is to go but a step forward to say that in the case of corporations engaged in speculative enterprises it is a matter of common knowledge that shares are to be paid for in property appraised at its potential rather than its present intrinsic value, and that therefore the rule stated above should obtain, even in the absence of actual knowledge on the part of creditors as to the manner in which the capital stock of the corporation had been issued. Again, where stock has been paid for by the conveyance of property to a corporation of the character known as "speculative" and upon which a valuation has been placed, — not its present intrinsic value, but rather its prospective value after development thereof, — then in such cases the courts should presume that the valuation was honestly made and place the burden upon the creditor of attacking the transfer.[3]

The ordinary practice, as has been observed, is for corporations engaged in non-speculative enterprises to issue stock for property which has a well-recognized market value or one which can be easily ascertained. In regard to such corporations, where the nature and condition of its property is such that its value is well known or understood or is capable of being readily estimated and ascertained, and the same is transferred to the corporation at a gross over-valuation for paid up shares, it would unquestionably be proper

[1] N. H. H. N. Co. *v.* Company, 142 Mass. 349, 7 N. E. 773.

[2] Callanan *v.* Windsor, 78 Ia. 193; 42 N. W. 652.

[3] Davis *v.* Company, 101 Ala. 127; 8 So. 496; Coleman *v.* Howe, 154 Ill. 458; 39 N. E. 725; Carr *v.* Le Fevre, 27 Pa. St. 489; Shield *v.* Company, 94 Tenn. 123; 28 S. W. 668.

for courts to treat such transactions as presumptively fraudulent, and to place the burden of proof upon the stockholders in such cases to rebut such presumption by clear and satisfactory proof. On the other hand, where the corporation is engaged in speculative enterprises of the character above referred to, and stock is issued against property accepted by the corporation at a valuation not based upon the present intrinsic value of the same, but avowedly (as is the universal custom) at its potential speculative value (to be determined after development thereof by the corporation which has acquired the property), then the practical attitude for the courts to take in such cases would be to adopt what is termed here the "speculative value rule," and to attach to the valuation placed by the corporation upon such property the presumption that it was honestly made, and place the burden of proof in such cases upon the creditor attacking the transaction. In practical operation it will be found that the shifting of the burden of proof would be equivalent in nearly all cases to making the valuation placed upon the property in any case, whether speculative or non-speculative in character, conclusive respectively upon the stockholders and the creditors. The reason of this is that in the case of non-speculative properties it is easy to demonstrate that the same has been grossly overvalued; as, for example, by showing the market value of the same. Again, in the case of speculative enterprises the same is true for the reason that the valuation placed upon the properties from a speculative standpoint, if honest and fair, would be such as to render it practically impossible as a matter of proof to show that such valuation was fraudulent or grossly overvalued, — this for the reason that in every such case it will be found that there exists an immense margin for honest difference of opinion, and although it may appear that there were serious errors of judgment, nevertheless it will be found in practice that such valuations should not and will not be set aside except for actual fraud.

It is the recognition of the necessity of shifting the burden of proof according to whether the property against which stock is issued is speculative in character or not, which, in connection with the basis of appraisal already referred to, affords a practical basis for the operation of the speculative value rule. Finally, the following may be said:

Upon principle and in the interest of justice both to the stockholders and creditors alike, in determining the question whether

stock has been in fact fully paid, the line should be drawn with the utmost clearness and distinctness between ordinary corporations such as trading, mercantile, banking, insurance, etc., whose capital stock is formally subscribed for and ordinarily paid in in cash or in real and personal property having a well-recognized or easily established market value on the one hand, and those corporations on the other hand incorporated for the express and avowed purpose of engaging in speculative enterprises — such, for example, as corporations organized to take over mining properties, oil and gas lands, patent and patent rights, secret processes, concessions, franchises, etc. In this era of speculative enterprises the courts can no longer remain blind to the fact that the stock of such corporations is not intended by the incorporators or understood by the creditors or the public generally to represent anything but certain property having a speculative value, which may or may not ultimately prove to be worth the par value of the stock against which the latter has been issued. The credit obtained by such corporations concerning which the courts have in the past displayed such intense solicitude in the interest of creditors to the exclusion of the interests of equally meritorious stockholders, is seldom, if ever, extended to the corporation without full knowledge on the part of creditors as to the nature of the assets of the corporation, or as to the manner in which the stock has been issued in exchange for property of a speculative value.

§ 107. **Effect of Appraisal of Property by Directors under Statutory Authority, when taken in Exchange for Stock.** — The incorporation acts of Connecticut, Delaware, Maine, Montana, New Jersey, New York, North Carolina, South Carolina, Virginia, and West Virginia all contain provisions relating to the effect of appraisal of property by directors when taken by the corporation in exchange for its capital stock. The provisions of the New Jersey act may be given as an example of such legislation. The statute referred to reads as follows :[1]

"Any corporation formed under this act may purchase mines, manufactories, or other property necessary for its business or the stock of another company or companies owning a mine, manufactory, or producing mills or other property necessary for its business, and issue stock to the amount of the value thereof, in payment therefor,

[1] Public Laws of New Jersey, 1896, chap. 85, § 49.

and the stock so issued shall be full-paid stock and not liable to any further call, nor shall the holder thereof be liable for any further payments under any of the provisions of this act, and in the absence of actual fraud in the transaction the judgment of the directors as to the value of the property purchased shall be conclusive."

In commenting upon the foregoing section in the case of Donald *v.* American Smelting & Refining Co.,[1] the court spoke as follows:

"The distinction between the contemplated issue of corporate stock for property and its issue for money lies not in the rule for valuation, but in the fact that different estimates may be formed of the value of property. When such differences are brought before judicial tribunals, the judgment of those who are by law entrusted with the power of issuing stock to the amount of the value of the property, and upon whom therefore is placed the first duty of valuing the property, may be accorded considerable weight. But it cannot be deemed conclusive when duly subjected to judicial scrutiny, nor is it necessary that conscious over-valuation or any form of fraudulent conduct on the part of its primary valuers should be shown to justify judicial interposition. Their honest judgment, if reached without due examination of the elements of value, or if based in part upon an estimate of matters which really are not property, or if plainly weighed by self-interest, may lead to a violation of the statutory rule as surely as would corrupt motives. The original issue of corporate stock is a special function in the exercise of which the legislature has fixed the standard to be observed, and it is the duty of the courts, so far as their jurisdiction extends, to see that this standard is not violated either intentionally or unintentionally. When corporate stock has once been issued for property purchased, then the legislature has directed the application of a different rule. In the words of the statute, 'the stock so issued shall be full-paid stock, and not liable to any further call, neither shall the holder thereof be liable for any further payment under the provisions of this act; and in the absence of actual fraud in the transaction the judgment of the directors as to the value of the property purchased shall be conclusive. Under these provisions, after the property has been purchased and the stock issued therefor, nothing short of actual fraud in the transaction can impair the right of the holder to hold his stock as full-paid stock, free from further call.'"[2]

[1] 61 N. J. Eq. 458; 48 Atl. 786.

[2] See also Wetherbee *v.* Baker, 35 N. J. Eq. 501; Bank *v.* Lumber Co., 32 W. Va. 357; 9 S. E. 243; Richardson *v.* Graham, 45 W. Va. 134; 30 S. E. 92; Clark *v.* Bever, 139 U. S. 96; 11 S. Ct. 468; Fogg *v.* Blair, 139 U. S. 118; 11 S. Ct. 496; Liebke *v.* Knapp, 79 Mo. 22.

§ 108. **Effect of Appraisal of Value of Property by State Officials when the same is taken by Corporations in Exchange for their Capital Stock.** — Owing to the conflicting decisions of the courts of the various States relative to what does and what does not constitute as against creditors full payment of the capital stock of a corporation, attempts have been made by the legislatures of a number of the States to remedy this situation by means of statutory enactments. Such legislative enactments may be said to be indicative of the public policy of the State in that regard. The "public policy of the State," as the term is used in this connection, frequently varies from time to time. In the absence of express statutes of the character here referred to, it has been said that it is not to be measured by the private combinations or notions of the persons who happen to be exercising judicial functions, but by reference to the enactments of the law-making power, and in the absence of them to the decisions of the courts. When, however, the legislature has spoken on a particular subject and within the limits of its special powers, its utterance then becomes the public policy of the State.[1] In view of the fact that the near future is likely to see many attempts by other legislatures to solve the question here referred to by the enactment of statutes governing the same, the matter now under consideration should receive careful attention.

It is a fair supposition to say that the passage of such acts in this country originated doubtless in a desire to transfer to this country certain sections of what is known as the "English Company's Act of 1867." Under the act just referred to, corporations which desired to accept property in exchange for their capital stock were required to register in a designated government office a description of the property against which any particular corporation proposed to issue its full-paid shares. The construction by the English courts put upon this section of the English Company's Act does not seem to give to the legislative provision referred to the full effect which is claimed for such statutes in this country. In substance the holding of the English courts in this regard is as follows:

That where the property is so registered under the act it is not unlawful for the vendor to sell such property to the corporation in

[1] See MacGinniss *v.* Company (Mont.), 75 Pac. 89; United States *v.* Association, 166 U. S. 290; 17 S. Ct. 540.

exchange for stock having a par value in excess of what the vendor paid for the property. That ordinarily the court will not in the interests of stockholders or creditors go behind the contract and inquire whether the consideration represents the full value against which the shares are issued unless the contract itself is impeached or the consideration on the face thereof appears to be insufficient or elusory.[1]

Turning now to the statutory enactments in this country of the same character, they may be explained as follows: In Florida the incorporation act there in force provides that incorporators may provide in the charter that the capital stock, either in whole or in part, shall be payable in property, labor, or services, at a valuation fixed in the charter. The latter must also contain a general description of the property to be taken in exchange for stock. In Utah the statute is very similar to the one in force in Florida. In Massachusetts the articles of organization must set forth the amount of capital stock to be issued, the amount thereof to be paid for in cash, and the amount thereof to be paid for in property. If such property consists of real estate, its location and the amount of stock to be issued therefor must be stated. If any part of such property is personal, it must be described in detail. The whole matter is then submitted to and passed upon by the commissioners of corporations. But the statute makes no provision relative to what the legal effect thereof shall be as to creditors where the issuance of stock in exchange for property is approved by the commissioners of corporations.

Unquestionably the most effective statute in existence is to be found in the Michigan act,[2] which in prescribing the requisites of articles of incorporation reads in part as follows: "The amount of capital paid in at the time of executing the articles, which shall not be less than ten per cent of the authorized capital, etc. Such capital stock may be paid in either cash or in other property, real or personal; but where payment is made otherwise than in cash there shall be included in the articles an itemized description of the property in which such payment is made, with the valuation for which such item is taken, which valuation shall be conclusive in the absence of actual fraud."

[1] *In re* Wragg, L. R. 1 Chan. 796; Ooregum Gold Min. Co. *v.* Ropes, 61 L. J. Chan. 337.

[2] Session Laws of 1903, § 232.

The intent of the legislature would clearly appear to be to establish conclusively that the property received and accepted by the corporation under the authority of the State in exchange for its stock constituted a fair equivalent of the amount of stock so given. It would seem to forbid all claim of fraud thereafter to be made, and to establish the valuation as conclusive upon both stockholders and creditors.[1]

§ 109. **Meaning of Non-Assessable Stock.** — In entering upon the subject of non-assessable stock as contrasted with full-paid stock the discussion of the former will be confined to questions arising between the corporation and its stockholders, while the latter will be discussed from the standpoint of the stockholder in his relation to creditors. It is unquestionably within the power of a corporation to agree with stockholders that stock shall be issued to them at less than par, and that when so issued shall not be subject to any further assessments on the part of the corporation.[2]

In West Virginia, Nevada, Wyoming, and other States this principle has found recognition in the incorporation acts in force in those Commonwealths. The West Virginia act will serve as a fair example. The law there provides in substance as follows: that upon the vote of three-fourths of the stockholders corporate stock may be sold or disposed of at less than par. The act then goes on to provide that nothing therein contained shall be construed as to prevent any mining or manufacturing company from issuing stock and negotiating the sale of the same in payment of real and personal estate for the use of the corporation at such price and upon such terms and conditions as may be agreed upon by the owners and directors or stockholders of the corporation, and any subscriber to the capital stock of any such corporation may pay for the same by the transfer and conveyance to such corporation of real or personal property upon such terms as may be mutually agreed upon. All stock so issued shall be full paid and not liable to any further call or assessment.

Such a statute as is here referred to unquestionably has the effect of making the stock non-assessable as between the corporation and the subscribers to its capital stock, but it clearly has not the effect of preventing subsequent creditors in case of insolvency

[1] See State *v.* Webb *et al.*, 110 Ala. 214; 20 So. 462.

[2] Esgen *v.* Smith, 113 Ia. 25; 84 N. W. 954.

compelling the payment of any unpaid balance on such stock.[1] On this subject Judge Showalter, in Northern Trust Co. *v.* Columbia Straw Paper Co.,[2] spoke as follows:

"Whatever may have been in fact the value of the property turned over to the company for its stock, the latter agreed to take it for the stock. The persons interested were the stockholders, and there was no dissent on the part of any person in what was done. Neither any person then holding stock, nor any person who afterwards became a stockholder by assignment from one who then held the stock, can now make complaint on behalf of the corporation against the lawfulness of that transaction. This I take to be the settled law on that subject."

In the absence of statutory authority conferred upon the corporation or in the absence of unanimous consent of all the stockholders, it is clear that the directors of a corporation have no power to assess shares which have been fully paid up.[3]

§ 110. **Meaning of Full-Paid Stock.** —The term "full-paid stock" as here used may be defined to be stock whose par value has been paid either in cash or in property, the ownership of which does not subject the holder thereof to any further liability either to the corporation or to the creditors. The mere declaration that stock is full paid, either by resolution or by stamping upon the stock this statement, does not make it so, at least as to creditors.[4]

It has already been said that stock may be issued for less than its par value to subscribers as full paid and non-assessable and be binding as between the corporation and the stockholders.[5] Where statutes exist declaring that stock issued in a particular manner shall be full paid and non-assessable, they are merely to be construed to the effect that stock may be issued in this manner, and that the holders thereof shall not be held liable to further calls or assessments on the part of the corporation, but such immunity

[1] The Wyoming statute would appear to be materially different from the West Virginia and Nevada acts.

[2] 75 Fed. 936.

[3] Wells *v.* Company, 90 Wis. 442; 64 N. W. 69; Ventura, etc. Ry. Co. *v.* Hartman, 116 Cal. 260; 48 Pac. 65; Handley *v.* Stutz, 39 U. S. 417; 11 S. Ct. 530; Gary *v.* Company, 9 Utah, 464; 35 Pac. 494; Pacific Fruit Co. *v.* Coon, 107 Cal. 447; 40 Pac. 542.

[4] Upton *v.* Triblecock, 91 U. S. 345; 23 L. E. 203; F. N. Bank *v.* Company, 42 Minn. 327; 44 N. W. 198; National Tube Works *v.* Gilfillan, 124 N. Y. 302; 26 N. E. 538; Kroenert *v.* Johnston, 19 Wash. 96; 25 Pac. 605.

[5] See Scoville *v.* Thayer, 105 U. S. 143.

will not be extended in such suit so as to prevent subsequent creditors enforcing their claims for the payment of the unpaid residue.[1] Many of the States have statutory provisions to the effect that no corporation shall issue stock except for money paid, labor done, or property actually received, declaring all fictitious increase of stock to be void. Under such provisions an original issue of stock as fully paid at less than par will be held to be void.[2]

Many cases will be found bearing upon the question as to the validity of so-called "bonus" or "promotion stock." In regard to the validity of such stock the courts differ. One line of decisions is represented by the courts of New York and Massachusetts. In Christensen *v.* Eno[3] the New York Court of Appeals spoke as follows:

"It may be admitted that the liability of subscribers on unpaid stock subscriptions constitutes an asset of the corporation which cannot be given up by the corporation without consideration on the part of creditors. The unissued shares of a corporation are not assets. When issued, they represent the proportionate interest of the shareholders in the corporate property, — an interest, however, subordinate to the claims of creditors. There are unquestionably public evils growing out of the creation and multiplication of shares of stock in corporations not based upon corporate property. The remedy is with the legislature. But the liability of a shareholder to pay for the stock does not arise out of his relation, but depends upon his contract, express or implied, or upon some statute, and in the absence of either of these grounds of liability, we do not perceive how a person to whom shares have been issued as a gratuity has by accepting them committed any wrong upon the creditors or made himself liable to pay the nominal face of the shares as upon his subscription or contract."[4]

On the other hand, courts of almost equal authority have refused to treat such stock in the interest of creditors as full paid and non-assessable, and have enforced in their favor an alleged stockholders'

[1] Vt. Marble Co. *v.* Company, 135 Cal. 579; 67 Pac. 1057.

[2] Williams *v.* Evans, 87 Ala. 725; 6 So. 702; Perry *v.* Mill Co., 93 Ala. 364; 9 So. 217; Beitman *v.* Steiner, 98 Ala. 241; 13 So. 87; Stein *v.* Howard, 65 Cal. 616; 4 Pac. 662; Jefferson *v.* Hewitt, 103 Cal. 624; 37 Pac. 638; Kellerman *v.* Maier, 116 Cal. 46; 48 Pac. 377; Garrett *v.* Company, 113 Mo. 330; 20 S. W. 965.

[3] 106 N. Y. 97; 12 N. E. 648.

[4] Same rule in N. H. H. N. Co. *v.* Company, 142 Mass. 349; 7 N. E. 773.

liability thereon.[1] It has been held, however, that even though a stockholder has paid nothing for his stock, he is entitled to vote the same.[2]

[1] See Peninsula Savings Bank *v.* Company, 105 Mich. 535; 63 N. W. 514; Handley *v.* Stutz, 139 U. S. 417; 11 S. Ct. 530; De La Vergne Refrigerating Machine Co. *v.* German Savings Institution, 175 U. S. 40; 20 S. Ct. 20; 44 L. E. 65; Rogers *v.* Gross, 67 Minn. 224; 69 N. W. 894; Scoville *v.* Thayer, 105 U. S. 143; Garrett *v.* Company, 113 Mo. 330; 20 S. W. 965.

[2] Cartwright *v.* Dickinson, 88 Tenn. 476; 12 S. W. 1030; W. E. L. Co. *v.* Landy, 66 Vt. 248; 29 Atl. 248; see also Busey *v.* Hooper, 35 Md. 15.

CHAPTER V.

LEGISLATIVE CONTROL OVER DOMESTIC CORPORATIONS.

§ 111. **Statement of Principal Methods by which Legislative Control over Domestic Corporations is obtained.** — Under our modern system legislative control over domestic corporations ordinarily takes the following forms, to wit: (1) control over amendment of corporate charters; (2) reservation on the part of the State of the right to repeal all charters; (3) control over dissolution of corporations; (4) by the exercise through State officials of the right to forfeit charters by means of *quo warranto* proceedings; (5) by means of the exercise of the police power; (6) through legislative investigation into corporate affairs; (7) by requiring annual reports of corporations; (8) by compelling corporations to permit inspection of their books and records for the benefit of stockholders and creditors; (9) by means of anti-trust legislation; (10) by the enactment of statutes regulating the internal affairs of the corporation; (11) by the imposition of liability upon stockholders for corporate debts over and beyond their liability for unpaid stock subscriptions; (12) enactment of statutes imposing liability upon directors for misfeasance or non-feasance in office; (13) by means of legislative control over the extension of corporate existence; (14) by the exercise of the right of taxation upon corporations; (15) by regulating the right of consolidation of corporations.

§ 112. **Amendment of Charters.** — A glance at the general business acts in force in the several States and Territories will serve to show that in all of them more or less attention has been paid by the legislatures to the question of the right to amend — with more or less freedom — articles of incorporation. In a majority of these the power of amendment will be found to be practically unlimited. In nine the limitations imposed are not wide in scope, while in eleven the power referred to may be characterized

as being very narrow in its practical operation.[1] The practical questions to be considered in this immediate connection have reference, first, to ascertaining in what body the legislatures have seen fit to place the power of amendment, and, secondly, an inquiry whether the power when granted, apparently in the broadest terms, is in legal effect without any limitations whatsoever.

As a general rule, the directors have no power to amend charters unless such right is expressly conferred upon them by statute. Power to amend resides exclusively in the stockholders.[2] Turning now to the second inquiry referred to above, the following may be said. With respect to the right on the part of majority stockholders to exercise the power of amendment, there are two practical views of the question which deserve consideration. The first has reference to the effect, if any, the exercise of such right may have upon the right of the corporation to enforce stock subscriptions which were made in reliance upon the corporate purposes set forth in the original charter. The other relates to the binding effect of such amendments, when had, upon dissenting minority stockholders who have previously paid up their stock subscriptions.

In the first case it appears to be the generally accepted view that when a party makes a subscription to the capital stock of a corporation he does it in reliance upon the implied understanding that no changes shall be made in the charter without his consent which produce material and fundamental changes therein.[3] The rule however can clearly not apply where the changes made were trifling or immaterial or were in furtherance of the original objects of the corporation.[4] There is a well-defined tendency at the present time on the part of many courts to take the view that in order that a subscriber to the capital stock may escape liability on his subscription on the ground that there has been a material amendment to the charter since his subscription was made, that

[1] See Part II., Synopsis-Digest of the Corporation Acts of the Several States, under the head "Amendments."

[2] Gill *v.* Bayless, 72 Mo. 424; Ry. Co. *v.* Allerton, 18 Wall. U. S. 233; Ollesheimer *v.* Mfg. Co., 44 Mo. Ap. 172; Clough *v.* Company, 25 Col. 520; 55 Pac. 809; State *v.* Oftedal, 72 Minn. 488; 75 N. W. 692; Commonwealth *v.* Cullen, 13 Pa. St. 133; Abbott *v.* Company, 33 Barb. (N. Y.) 583.

[3] Mowrey *v.* Company, 4 Bissell (U. S.), 78; Printing House *v.* Trustees, 104 U. S. 711.

[4] Fry's Executors *v.* Company, 2 Metcalf (Ky.), 322; Peoria *v.* Preston, 35 Ia. 115 Milford, etc. Turnpike Co. *v.* Brush, 10 O. St. 111; Durfee *v.* Company, 5 Allen (Mass.), 230.

such amendment must necessarily have brought about changes of the most radical and fundamental character.[1]

Turning now to the second question here referred to, the following may be said. Important questions frequently arise as to the right of majority stockholders to amend the charter of the corporation against the dissent of minority stockholders so as practically to create an entirely new corporation with purposes and powers wholly different from those conferred in the original charter.

Before the passage of the modern liberal amendment acts, specifically authorizing majority stockholders to change *ad libitum* corporate purposes and powers, the rule undoubtedly was that majority stockholders had no power to depart, under the guise of an amendment to the charter, from the objects for the accomplishment of which the corporation was created. At that time majority stockholders would be enjoined on the application of minority stockholders from making fundamental and radical changes in the original corporate purposes, which had the effect of practically creating a new corporation, with power to engage in lines of business wholly foreign to that set forth in the original charter.[2] But whatever the rule may have been in times past, changed conditions have brought about material modifications therein.

Owing to the recent statutory enactments in the great majority of the Commonwealths relative to amendment of charters, it may be said that this question has ceased to be one of great practical importance at the present time, however it may have been in the past. In view of these statutory provisions it may be said that as a general rule the extent of the power of amendment when exercised by a majority of the stockholders according to the statute in such case made and provided, depends entirely upon the terms of such statute and the construction given by the courts thereto.[3] If broad

[1] Banet *v.* Company, 13 Ill. 504; Pacific Ry. Co. *v.* Renshaw, 18 Mo. 210; Sprague *v.* Company, 19 Ill. 174; Irvine *v.* Turnpike Co., 2 Pen. & W. (Pa.) 466; Cross *v.* Company, 90 Pa. St. 392; Troy, etc. Ry. Co. *v.* Kerr, 17 Barb. (N. Y.) 607; Worcester *v.* Company, 109 Mass. 103; Del. Ry. Co. *v.* Tharp, 1 Houst. (Del.) 149.

[2] Zabriskie *v.* Company, 18 N. J. Eq. 178; Stevens *v.* Company, 29 Vt. 545; Natusch *v.* Irving, 1 Smith's Cases, 226; Union Locks and Canals *v.* Towne, 1 N. H. 44; Ashton *v.* Burbank, 2 Dill. 435; Fed. Cases No. 582; H. & N. H. Ry. Co. *v.* Croswell, 5 Hill (N. Y.), 383.

[3] Day *v.* Company, 75 Ia. 694; 38 N. W. 113; Golder *v.* Bressler, 105 Ill. 419; Sprigg *v.* Company, 46 Md. 67; Hope Mutual Fire Ins. Co. *v.* Beckman, 47 Mo. 93; Detroit Chamber of Commerce *v.* Secretary of State, 109 Mich. 691; 67

in scope, they unquestionably permit majority stockholders to bring about radical and even fundamental changes in corporate purposes and powers if they so desire.

The question here presented is one of so much practical importance that it deserves more attention than has been yet given it. The New York Court of Appeals in Buffalo & New York City Railroad Co. *v.* Dudley [1] laid the foundation for the establishment in that State of the present just rule that there obtains with reference to the right of majority stockholders to materially change the corporate purposes against the dissent of minority stockholders. In that case the court permitted a change of name and an extension of the line of the railway by means of an amendment to the original charter. In passing upon this point the court spoke as follows:

"The stock subscription having been valid so as to give a right of action in case of non-payment to the corporation, did the alteration of the charter and the extension of the road subsequently absolve the defendant from his liability upon such subscription? The right to alter was reserved in the charter, and the subscription must be taken to have been made subject to having such additional powers conferred as the legislature might deem essential and expedient. The change is not fundamental. The new powers conferred are identical in kind with those originally given. They are enlarged merely, the general objects and purposes of the corporation remaining still the same. It may be admitted that under this reserved power to alter and repeal the legislature would have no right to change the fundamental character of the corporation and convert it into a different legal being, for instance, a banking corporation, without absolving those who did not choose to be bound. But this they have not attempted to do. The additional powers are of the same character and have been regularly acquired from a legitimate source of power, and if they had been fairly exercised the defendant, although the change may have operated to his pecuniary disadvantage, is still bound by his undertaking. The whole matter is manifestly a question of power; and if the power was legitimately acquired and has been exercised without fraud, the rights of the parties are in no respect changed as between themselves whether the alteration is beneficial or injurious to the defendant's interest.

N. W. 897; Mercantile Statement Co. *v.* Kneal, 51 Minn. 263; 53 N. W. 632; People *v.* Green, 116 Mich. 505; 74 N. W. 714.

[1] 14 N. Y. 342.

Whether he has made or lost by the change in no respect affects the question of authority in the plaintiff."

Many years later this same court, in discussing the respective rights of majority and minority stockholders or corporations, spoke as follows:

"The court would not be justified in interfering even in doubtful cases, where the action of the majority might be susceptible of different constructions. To warrant the interposition of the court in favor of the minority shareholders in a corporation or joint-stock association, as against the contemplated action of the majority, where such action is within the corporate powers, a case must be made out which plainly shows that such action is so far opposed to the true interests of the corporation itself as to lead to the clear inference that no one thus acting could have been influenced by any honest desire to secure such interests, but that he must have acted with an intent to subserve some outside purpose, regardless of the consequences to the Company and in a manner inconsistent with its interests. Otherwise the court might be called upon to balance probabilities of profitable results to arise from the carrying out of the one or the other of different plans proposed by or on behalf of the different shareholders in a corporation, and to decree the adoption of that line of policy which seemed to it to promise the best results, or at least to enjoin the carrying out of the opposite policy. This is no business for any court to follow."[1]

It is difficult to find a better presentation of the more modern and better view taken of the question now under discussion than that to be found in the opinion of the Massachusetts Supreme Court in Durfee *v.* Old Colony & Fall River Railway Company.[2] While the case had special reference to the right of a State legislature to exercise its reserved right to amend corporate charters so as to produce radical changes in the purposes named in the original charter, nevertheless the reasoning is equally applicable to those cases where majority stockholders attempt equally radical amendments under general acts permitting such stockholders to amend charters on their own initiative.

"We suppose," said Chief Justice Bigelow in the case referred to, "it may be stated as an indisputable proposition, that every

[1] Gamble *v.* Company, 123 N. Y. 91; 25 N. E. 201.

[2] 5 Allen, 230.

person who becomes a member of a corporation aggregate by purchasing and holding shares agrees by necessary implication that he will be bound by all acts and proceedings, within the scope of the powers and authority conferred by the charter, which shall be adopted or sanctioned by a vote of the majority of the corporation, duly taken and ascertained according to law. This is an unavoidable result of the fundamental principle that the majority of the stockholders can regulate and control the lawful exercise of the powers conferred on a corporation by its charter. A holder of shares in an incorporated body, so far as his individual rights and interests may be involved in the doings of the corporation, acting within the legitimate sphere of its corporate power, has no other legal control over them than that which he can exercise by his single vote in the meetings of the company. To this extent he has parted with his personal right or privilege to regulate the disposition of that portion of his property which he has invested in the capital stock of the corporation, and surrendered it to the will of a majority of his fellow corporators. The *jus disponendi* is vested in them so long as they keep within the line of the general purpose and object for which the corporation was established, although their action may be against the will of a minority however large. It cannot, therefore, be justly said that the contract, express or implied, between the corporation and the stockholders is infringed or impaired by any act or proceeding of the former which is authorized by a majority, and which comes within the terms of the original statute creating and establishing their franchise, and conferring on them capacity to exercise control over the rights and property of their members. On the contrary, the fair and reasonable implication resulting from the legal relation of the stockholders and the corporation is, that the majority may do any act either coming within the scope of the corporate authority, or which is consistent with the terms and conditions of the original charter, without and even against the consent of an individual member." Again, in this same opinion the court observed that, "in creating a corporation, no contract is made by the legislature with the individual members or stockholders, any further than they are represented by the artificial body which the act of incorporation calls into being. They have no other rights except those which exist or grow out of the constitution of the body corporate of which they are members. To

this can we only look, in order to ascertain whether there has been any breach of contract or violation of chartered rights. It constitutes, of itself, the contract by which the rights of all parties are to be governed. When, therefore, it is expressly provided between the legislature on the one hand and the corporation on the other, as part of the original contract of incorporation, that the former may change or modify or abrogate it or any portion of it, it cannot be said that any contract is broken or infringed when the power thus reserved is exercised with the consent of the artificial body of whose original creation and existence such reservation formed an essential part. The stockholder cannot say that he became a member of the corporation on the faith of an agreement made by the legislature with the corporation, that the original act of incorporation should undergo no change except with his assent. Such a position may be asserted with more plausibility, if there was an absence of a clause in the original act of incorporation providing for an alteration in its terms. In such a case it might perhaps be maintained that there was a strong implication that the charter should remain inviolate, and that the holders of shares invested their property in the corporation relying upon a contract entered into between it and the legislature that the provisions of the act creating it should remain unchanged. But it is difficult to see how such a construction can be put on a contract which contains an express stipulation that it shall be subject to amendment and alteration. If it be asked by whom such amendment or alteration is to be made, the answer is obvious: by the parties to the contract, the legislature on the one hand and the corporation on the other; the former expressing its intention by means of a legislative act, and the latter assenting thereto by a vote of the majority of the stockholders, according to the provisions of its charter. It is nothing more than the ordinary case of a stipulation that one of the parties to a contract may vary its terms with the assent of the other contracting party. In such case, all persons claiming derivative rights or interests under the original contract, with notice of its terms, would be bound by the amendment or alteration to which the parties should agree. It is a mistake, therefore, to say that the contract of a stockholder with a corporation established under our statutes binds the latter to undertake no new enterprise and engage in no business or operation other than that contemplated by the original

charter. This interpretation puts aside the express provision authorizing an amendment or alteration of the act of incorporation, and gives it no effect as against a stockholder without his assent, although he bought his stock or subscribed for his shares subject to the legal effect of such a stipulation. The real contract into which the stockholder enters with the corporation is, that he agrees to become a member of an artificial body which is created and has its existence by virtue of a contract with the legislature, which may be amended or changed with the consent of the company, ascertained and declared in the mode pointed out by law. Having, by virtue of the relation which subsists between himself and the corporation as a holder of shares, assented to the terms of the original act of incorporation, he cannot be heard to say that he will not be bound by a vote of the majority of the stockholders accepting an amendment or alteration of the charter made in pursuance of an express authority reserved to the legislature, and which by such acceptance has become binding on the corporation."

In some few of the States, as for example Ohio,[1] the law provides that no amendment shall change substantially the original purposes of the organization. In many of the States great similarity is to be observed in the formalities necessary to be taken in order to legally amend the charter. Usually the matter is brought to the attention of the stockholders by a resolution passed by the board of directors directing the calling of a meeting of the stockholders for the purpose of passing upon certain proposed amendments. A meeting of the stockholders is then called in the manner prescribed by statute, if any, or according to the method set forth in the by-laws. If the requisite number of stockholders vote in favor of such amendment, a certificate to that effect is usually made by the officers of the corporation and filed in the same offices as is required in the case of the original articles of incorporation. Thereupon the amendment ordinarily becomes effective. If the statute does not prescribe the method of amending the charter, the only safe plan to pursue is to adopt substantially the same procedure therefor as is prescribed by statute in the case of original articles.[2]

[1] See Revised Statutes of Ohio, sec. 3258a; also State *v.* Taylor, 55 O. St. 61; Picard *v.* Hughey, 58 O. St. 577.

[2] Day *v.* Company, 75 Ia. 694; 38 N. W. 113.

§ 113. **Reserved Right of the State to repeal Charters.** — Without exception, under the system of incorporation now in vogue, each of the several States and Territories reserves the right in the granting of corporate charters under general acts to alter, amend, or repeal the same at any future time. The presence of such enactments is due to the decision of the United States Supreme Court in Dartmouth College *v.* Woodward,[1] wherein that tribunal announced the principle that the charter of a private corporation was entitled to protection from alteration, amendment, or repeal on the part of State legislatures under the clause of the Federal Constitution forbidding impairment of the obligation of contracts. When this case was decided, it became obvious at once that "many acts of incorporation which had been passed as laws of a public character, partaking in no general sense of a bargain between the States and the corporations which they created, but which yet conferred private rights, were no longer subject to alteration, amendment, or repeal except by the consent of the corporate body, and that the general control which the legislatures creating such bodies had previously supposed they had the right to exercise, no longer existed." It was no doubt with a view to suggesting a method by which the State legislatures could retain in a large measure this important power without violating the provisions of the Federal Constitution, that Justice Story, in his concurring opinion in the Dartmouth College Case, suggested that, "when the legislature was enacting a charter for a corporation, a provision in the statute reserving to the legislature the right to amend or repeal it must be held to be a part of the contract itself, and the subsequent exercise of the right would be in accordance with the contract and could not therefore impair its obligation."[2]

With respect to the right to repeal, the power of the legislature in this regard, when exercised, is all but absolute, and the courts ordinarily will not inquire into the legislative motive for exercising it. Under such circumstances it will be presumed that the power is properly exercised.[3] The only exception appears to be that the courts will interfere where the legislature has exercised its power of repeal so wantonly and causelessly as palpably to violate the principles of natural justice.[4]

[1] 4 Wheaton, 518, decided in 1819.

[2] Greenwood *v.* Company, 105 U. S. 13.

[3] Greenwood *v.* Company, 105 U. S. 13; Wagner Free Institution *v.* Philadelphia, 132 Pa. St. 612.

[4] Lothrop *et al. v.* Stedman *et al.*, Fed. Cases, No. 8519.

Another question, however, is presented when the legislature attempts to alter or amend the charter. In order to justify the exercise of this power by the legislature the same must be so exercised as not to defeat or substantially impair the object of the grant or any rights vested under it which the legislature may deem necessary to secure either that object or some public right.[1] From the foregoing it is to be seen that the reserved power to repeal and alter is not unlimited. On this subject the U. S. Supreme Court, in Union Pacific Railroad Co. *v.* United States,[2] spoke as follows:

"That the power to alter or amend a charter even when reserved has a limit no one can doubt. All agree that it cannot be used to take away the property already acquired under the operation of the charter or to deprive the corporation of the fruits actually reduced to possession of contracts lawfully made. It may safely be affirmed that the reserve power may be exercised to almost any extent to carry into effect the original purposes of the grant or to secure the due administration of its affairs so as to protect the rights of stockholders and creditors, and for the proper distribution of its assets. Also to protect the rights of the public and of the incorporators or to promote the due administration of the affairs of the corporation. The alterations must, however, be reasonable. They must be made in good faith, and be consistent with the object and scope of the act of incorporation. Sheer oppression and wrong cannot be inflicted under the guise of alteration or amendment."

§ 114. **Legislative Control over Dissolution of Corporations.** — Legislative control over dissolution of domestic corporations (omitting any reference to forfeiture of charters by State action,) is exercised in the following four ways: (1) by prescribing the maximum duration of corporate charters; (2) by permitting corporations to surrender their charters before organization; (3) by authorizing voluntary dissolution, with or without recourse to the courts; (4) by enacting statutes authorizing involuntary dissolution on application of stockholders or creditors. Each of these matters will now be taken up briefly for discussion.

(1) Legislative limitations upon corporate duration. In the absence of any provision in the governing statute or in the charter limiting corporate duration, the corporation is entitled to perpetual

[1] N. Y. & N. E. Railway Co. *v.* Town of Bristol, 151 U. S. 556.

[2] 99 U. S. 700.

existence.[1] The legislature may however, if it sees fit, limit the duration of corporate existence to any specific number of years. This right has been exercised in a majority of the States. Upon expiration of the period of time limited in the charter as the duration of corporate life, dissolution results by operation of law.[3] If the articles provide for a longer period of duration than the law allows, then the excess is of no force or effect.[4]

In many of the States statutes exist continuing the existence of corporations after the expiration of the period limited in their charters for certain periods of years in order to permit them to close up their corporate affairs. Such statutes may be lawfully enacted subsequent to the creation of the corporation, for the reason that they provide for the enforcement of rights which equity recognizes even in the absence of statute.[5]

(2) Surrender of charter before organization. Statutes exist in the States of Connecticut, Delaware, Maine, Massachusetts, Nevada, New Jersey, New York, North Carolina, Virginia, West Virginia, and Wisconsin expressly permitting corporations to surrender their charters either prior to organization or to the commencement of corporate business. It is unquestionably true that in order to render such a surrender valid it must have been made under authority of the statutory provision enacted, which is of course equivalent to acceptance by the State.[6]

(3) Voluntary dissolution with or without recourse to the courts. "Charters," it has been said, "are in many respects compacts between the government and the corporators. And as the former cannot deprive the latter of their franchises in violation of the compact, so the latter cannot put an end to the compact without the consent of the former. It is equally obligatory on both parties. The surrender of a charter can only be made by some formal act of the corporation, and will be of no avail until accepted by the government. There must be the same agreement of the parties to dissolve that there was to form the compact. It

[1] F. L. & S. Co. *v.* Clowes, 3 N. Y. 470.

[3] Mason *v.* Company, 25 Fed. 882; Bradley *v.* Reppell, 133 Mo. 545; 32 S. W. 645.

[4] People *v.* Cheeseman, 7 Col. 376; 3 Pac. 716.

[5] Foster *v.* Bank, 16 Mass. 245; Singer *v.* Hutchinson, 183 Ill. 605; 56 N. E. 388.

[6] Taylor *v.* Holmes, 14 Fed. 98; Revere *v.* Company, 15 Pick. (Mass.) 351; Combes, *v.* Keyes, 89 Wis. 297; 62 N. W. 89; Law *v.* Rich, 47 W. Va. 634; 35 S. E. 858; Mariners *v.* Sewall, 50 Me. 220; Barton *v.* Association, 114 Ind. 226; 16 N. E. 486.

is the acceptance which gives efficiency to the surrender. Dissolution of a corporation extinguishes all its debts. The power of dissolving itself by its own act would be a dangerous power, and one which cannot be supposed to exist."[1]

The foregoing statement of the law is unquestionably based upon both reason and authority. Accordingly, a corporation may dispose of all its assets, cease entirely to do business, and neglect to elect officers or hold meetings of any kind, yet it cannot be legally dissolved by any action of its stockholders or a surrender of its charter unless such surrender is authorized by some statute.[2]

Where statutes exist authorizing dissolution of corporations prior to the termination of the period limited in their charters, such statutes are of course equivalent to an acceptance by the legislature of the surrender of the charter. All that is necessary is that the statute shall be substantially complied with in order that the dissolution may be effective.[3]

It may be remarked, in passing, that no cessation or abandonment of its corporate business, failure to hold corporate meetings or to elect officers, alienation or loss of all its property, has the effect in law of dissolving the corporation.[4]

(4) Involuntary dissolution on application of stockholders and creditors. Most of the States have enacted statutes giving courts possessing equitable powers the right to wind up corporations for cause shown upon application of some stockholder or on petition of creditors. But such proceedings, even when the corporation is insolvent, do not necessarily dissolve the corporation, unless the statute that is invoked expressly so provides.[5]

It has been expressly held that corporations are not dissolved by

[1] Boston Glass Manufactory *v.* Langdon, 24 Pick. 49; see also Olds *v.* Company (Mass.), 70 N. E. 1022.

[2] Everetts *v.* Company, 20 Conn. 448; Rorke *v.* Thomas, 56 N. Y. 559; People *v.* Ballard, 134 N. Y. 269; 32 N. E. 54; Commonwealth *v.* Silfer, 53 Pa. St. 71; Wilson *v.* Proprietors, etc., 9 R. I. 590; State *v.* Association, 35 O. St. 258.

[3] Commonwealth *v.* Slifer, 53 Pa. St. 71; *In re* Lincoln Co., 190 Pa. St. 124; 42 Atl. 538; Wilson *v.* Proprietors, etc, 9 R. I. 590.

[4] People *v.* B. & R. T. Road, 23 Wend. 222; Boston Glass Manufactory *v.* Langdon, 24 Pick. (Mass.) 49; Kincaid *v.* Dwinelle, 59 N. Y. 548; Jones *v.* Edson, 10 Kan. Ap. 110; 62 Pac. 249; State *v.* Trustees, 5 Ind. 44; Wilmington & Reading Ry. Co. *v.* Downward (Del.), 14 Atl. 720; Muscatine Turnverein *v.* Funck, 18 Ia. 469; U. S. *v.* Company, 1 Fed. 700; Bradley *v.* McKee, 5 Cranch C. C. 298; Fed. Cases, No. 1784.

[5] Sprague Brimmer Mfg. Co. *v.* Company, 26 Fed. 572; Stolze *v.* Company, 100 Wis. 208; 75 N. W. 987; Olds *v.* Company (Mass.), 70 N. E. 1022.

statutory proceedings in bankruptcy or insolvency, or by appointment of receivers in equity or by assignment for the benefit of creditors.[1]

§ 115. **Forfeiture of Charters.** — At common law forfeiture of charters was accomplished by means of *scire facias*, or by an information by the proper State officials in the nature of a writ of *quo warranto*.[2] "An information for the purpose of dissolving a corporation or of seizing its franchises," it has been said, "cannot be brought except by the authority of the Commonwealth, exercised by the legislature or by the attorney or solicitor-general acting under its direction or *ex officio* in its behalf. For the Commonwealth may waive any provision of any condition, express or implied, on which the corporation was created; and courts cannot give judgment for the seizure by the Commonwealth of the franchises of any corporation unless the Commonwealth be a party in interest to the suit and assents to the judgment."[3]

A corporation cannot within the meaning of the law forfeit its rights and seal up the corporation. A corporation without rights, without legal capacity to do anything, not even to acquire rights, is an impossibility. It has never been seriously contended that mere non-performance of conditions subsequent on the part of a corporation has the effect *ex proprio vigore* to put an end to corporate life. By such non-performance the corporation is not *ipso facto* dissolved or deprived of its corporate existence or corporate rights, but it is simply exposed to proceedings in behalf of the State to establish and enforce a forfeiture. The State which gave the corporate life may take it away. The State which imposed the conditions may waive their performance, and the corporate life may run on until the State by proper proceedings (ordinarily *quo warranto*, or in the nature of *quo warranto*) interposes and enforces a forfeiture.[4]

Courts of equity have no inherent jurisdiction, in the absence of statute conferring the same, to decree a dissolution of a corporation or declare a forfeiture of its charter on any grounds.[5]

[1] Chamberlain *v.* Company, 118 Mass. 532; Taylor *v.* Company, 14 Allen (Mass.), 353; Montgomery *v.* Merrill, 18 Mich. 338; Boston Glass Manufactory *v.* Langdon, 24 Pick. (Mass.) 49; Central Nat. Bank *v.* Company, 104 U. S. 54.

[2] Rex *v.* Passmore, 3 Term Reports, 199; Slee *v.* Bloom, 5 Johnson's Chan. N. Y. 366; W. & B. T. Co. *v.* Maryland, 19 Md. 239.

[3] Commonwealth *v.* Company, 5 Mass. 230.

[4] Matter of Brooklyn Elevated Ry. Co., 125 N. Y. 434; 26 N. E. 474.

[5] Wheeler *v.* Company, 143 Ill. 197; 32 N. E. 420; Denike *v.* Company, 80

The principal grounds under the statute upon which charters will be forfeited may be enumerated as follows: (1) non-user of corporate franchises; (2) mis-user or abuse of corporate powers; (3) for non-performance of conditions precedent to valid existence as a corporation; (4) for non-performance of conditions subsequent to valid continuance of existence as a corporation; (5) for violation of express statutes; (6) for non-payment of taxes; (7) for insolvency. These will now be taken up briefly for separate consideration.

(1) *Forfeiture for non-user of corporate franchises.* It is a well-established doctrine of the law that courts should proceed with extreme caution in proceedings which have for their object the forfeiture of corporate franchises; nor should such a penalty be visited except for plain abuse of power by which the corporation fails to fulfil the designs and purposes of its organization.[1] Again it has been well said: "It is not every failure to perform a duty imposed that will work a forfeiture. It must be something more than accidental negligence, something more than an excess of power, something more than a mere mistake in the mode of executing the acknowledged powers; and though a single act of simple non-feasance may be a ground of forfeiture, a specific act of non-feasance not committed wilfully and not producing or tending to produce mischievous consequences to any one, and not being contrary to formal regulations of the charter, will not be."[2]

All these judicial utterances are little more than a declaration of the fact that the policy of the State, of its officers and courts should be to encourage in all legitimate ways the organization and operation of all corporations organized to promote any legitimate enterprise. "The rights, privileges, and franchises of such corporations," it has been well said, "should not be declared forfeited, and they should not be ousted and excluded therefrom, except for solid, weighty, and cogent reasons, for the violation of a positive or prohibitory statute and not of a statute whose provisions are permissive and apparently directory, and never upon mere technical grounds."[3]

The term "forfeiture of charter for non-user of corporate franchises," as here used, has a very broad signification. It

N.Y. 599. See however Miner *v.* Company, 93 Mich. 97; Arents *v.* Company, 101 Fed. 138.

[1] State *v.* Chemical Bank, 10 O. St. 535.

[2] State *v.* Company, 8 R. I. 182.

[3] Moore *v.* State, 71 Ind. 478.

may have reference to action taken by the State with a view to forfeiture of corporate charters on any one of the following grounds: failure to organize the corporation within the time prescribed by statute;[1] failure to carry on the business enumerated in its articles;[2] failure to elect officers;[3] failure to maintain domiciliary office within the State;[4] failure to commence business within the time designated by statute.[5]

(2) *Forfeiture for misuse or abuse of corporate powers.* "To work a forfeiture on the ground of misuser or abuse of corporate powers, there should not only be a wrong, but one arising from wilful abuse or improper neglect. The corporate default must be something more than accidental negligence or mere mistaken excess of power, or mistake in the mode of exercising an acknowledged power. There must be an abuse of trust, of such a nature as would render a trustee liable to forfeit his station on the complaint of his *cestui que trust* if the question stood on the relation between them. Corporations are political trustees. Have they fulfilled the purposes of their trust or acted in good faith with a view to fulfilment? is the question to be asked when they are called upon to forfeit their charter, either for acts of commission or omission."[6]

"It appears to be settled," observed the New York Court of Appeals, "that the State as prosecutor must show on the part of the corporation accused some act against the law of its being which has produced or tends to produce injury to the public. The transgression must not be merely formal or accidental, but material and serious, and such as to harm or menace the public welfare. For the State does not concern itself with the quarrels of private litigants. It furnishes for them sufficient courts and remedies, but interferes only where some public interest requires its action. Corporations may and often do exceed their authority where only private rights are affected. But when the transgression has a wider scope and threatens the welfare of the people, they may summon the offender to answer for the abuse of its franchises or the violation of its corporate duty."[7]

[1] State *v.* Simonton, 78 N. C. 57.

[2] W. C. M. Co. *v.* Burns, 114 N. C. 353; 19 S. E. 238.

[3] State *v.* Barron, 58 N. H. 370.

[4] State *v.* Company, 58 Minn. 330; 59 N. W. 1048; State *v.* Company, 59 Kan. 151; 52 Pac. 422; State *v.* Company, 45 Wis. 579.

[5] W. F. C. F. Co. *v.* Kittridge, 5 Saw. 44; People *v.* Bank, 129 Ill. 618; 22 N. E. 288.

[6] People *v.* B. & R. T. Road, 23 Wend. 222.

[7] People *v.* Company, 121 N. Y. 582; 24 N. E. 834; see also M. O. & R. R. Co. *v.* Cross, 20 Ark. 443.

(3) *Forfeiture for non-performance of conditions precedent.* Even a corporation defectively organized may have what is termed a "*de facto* existence," so that it cannot ordinarily be impeached by parties other than the State. Nevertheless the right to bring proceedings to forfeit the charter of such corporation vests with the State which may bring proceedings to forfeit the same and oust it from the exercise of corporate powers.[1]

(4) *Forfeiture for non-performance of conditions subsequent.* It has been well settled that charters of corporations may be forfeited by proper action brought by the State for failure to comply with conditions subsequent which are clearly mandatory and not merely directory in their nature.[2]

(5) *Forfeiture for violation of express statute.* This is one of the clearest grounds for the exercise by the State of its right to forfeit charters. The most common ground for the exercise thereof is in connection with anti-trust legislation.[3]

(6) *Forfeiture for non-payment of taxes.* Several of the States authorize forfeiture of charters for non-payment of organization and annual franchise taxes. This right has been exercised with great frequency, and constitutes unquestionably a valid exercise of the power of such legislature over corporations.[4]

(7) *Forfeiture for insolvency.* In the absence of statutory provision to that effect, insolvency alone will not authorize the State to forfeit corporate charters.[5] However, it is unquestionably valid for a State to prescribe that if a corporation be insolvent for a certain length of time it shall constitute a forfeiture of its charter.[6]

§ 116. **The Police Power of the State.** — The police power of the State comprehends all those general laws of internal regulation which are necessary to secure the peace, good order, health, and

[1] Holman *v.* State, 105 Ind. 569; People *v.* City Bank, 7 Col. 226; 3 Pac. 214.

[2] State *v.* Company, 1 Tenn. Cases, 511; People *v.* Company, 131 N. Y. 140; Hammond *v.* Strauss, 53 Md. 1.

[3] Simmons *v.* Company, 113 N. C. 147; State *v.* Company, 24 Texas, 80; Huyler *v.* Company, 40 N. J. Eq. 392; People *v.* Company, 60 How. Pr. 82; People *v.* Company, 130 Ill. 268; State *v.* Standard Oil Co., 49 O. St. 137; People *v.* Company, 121 N. Y. 582; see also People *v.* Chambers, 42 Cal. 201; People *v.* Bank, 129 Ill. 618; 22 N. E. 288; 24 N. E. 834.

[4] Hughesdale Mfg. Co. *v.* Vanner, 12 R. I. 491; Bank *v.* Company, 17 Ap. Div. (N. Y.) 524.

[5] People *v.* Bank, 6 Cowen (N. Y.), 211; A. & L. T. Co. *v.* Holthouse, 7 Ind. 59; State *v.* Bank, 13 Smeads & M. (Miss.) 569; Chicago Life Ins. Co. *v.* Needles, 113 U. S. 574.

[6] People *v.* Bank, 12 Mich. 526; C. M. L. & I. Ass'n *v.* Hunt, 127 Ill. 257; Denike *v.* Company, 80 N. Y. 599.

comfort of society, but the proper limit in its bearing upon charter rights and privileges of private corporations for public uses would seem to be this: That the legislature may at all times regulate the exercise of the corporate franchises by general laws passed in good faith for the legitimate ends contemplated by State police power; that is, for peace, good order, health, comfort, and welfare of society; but it cannot under the color of such laws destroy or impair the franchises itself, or any of the rights or powers which are essential to the exercise of it.[1]

After the decision of the United States Supreme Court in Dartmouth College *v.* Woodward,[2] that court proceeded to enunciate the doctrine that in the exercise of what is termed "police power," the several States might pass laws as a valid exercise of such powers when otherwise they would be forbidden to do so under Section 10, Article 1, of the Constitution of the United States, which forbids the impairing of the obligations of contracts by means of laws enacted by them.

The police power arises primarily from the nature of the social contract, just as when each person upon becoming a member of a society must of necessity relinquish some of the rights and privileges which, as an individual and considered alone, he might retain. The Supreme Court of Massachusetts in Commonwealth *v.* Alger[3] says: "All property is subject to such reasonable restrictions and regulations established by law as the legislature under the governing and controlling power vested in them by the Constitution may think necessary and expedient."

In Gibbons *v.* Ogden[4] the United States Supreme Court held that the police power is lodged with the several States. In Providence Bank *v.* Billings[5] the court took another step forward, and held that the abandonment on the part of the State of its power of regulation in this regard ought never to be presumed in any case where the purpose of the State to abandon it does not clearly appear.

In the License Cases[6] the court held that, in the exercise of its police power, a State may pass quarantine and sanitary laws damaging and even destroying property in some cases. In Bartemeyer *v.* Iowa[7] the court held that a State law prohibiting the manufac-

[1] P. W. B. R. R. Co. *v.* Bowers, 4 Houston, Del. 506.
[2] 4 Wheat. 518.
[3] 7 Cush. 84.
[4] 9 Wheat. 1.
[5] 4 Peters, 514.
[6] 5 Howard, 404.
[7] 18 Wal. 133.

ture and sale of intoxicating liquors was a valid exercise of the police power. In Beer Company *v.* Massachusetts[1] the court held that as a measure of police regulation, looking to the preservation of public morals, a State law prohibiting the manufacture and sale of intoxicating liquors is not repugnant to any clause of the Constitution of the United States.

In Mugler *v.* Kansas[2] it was held that a State may absolutely prohibit the manufacture and sale of intoxicating liquors as a beverage, and may declare places where such liquors are manufactured or sold to be nuisances, and may authorize the destruction of such liquors found therein, and of all property used in keeping and manufacturing such nuisances. Such a statute is valid as to such liquors lawfully manufactured before the enactment of the statute, and although it greatly deteriorates the value of the property lawfully used in such manufacture before the enactment of the statute.

In Munn *v.* Illinois[3] it was held that when the owner of property devotes it to a use in which the public has an interest, he in effect grants to the public an interest in such use, and must to the extent of that interest submit to be controlled by the public for the common good as long as he maintains the use.

In Fertilizing Company *v.* Hyde Park[4] the right of State authorities to compel the removal of a bone fertilizing business from a location near the village to a point farther removed, was held to be valid as an exercise of the police power.

In the Slaughter House Cases[5] the court held that the power of State legislatures to make a contract of such a character that under the provisions of the Constitution it cannot be modified or abrogated does not extend to subjects affecting public health and public morals, so as to limit the further exercise of legislative power over those subjects, to the prejudice of the general welfare.

To summarize briefly the general doctrine of the federal Supreme Court on this subject, the same may be done by presenting the following abstract propositions:

(1) Laws for the welfare and safety of a community being essential to the existence of every State, it cannot be supposed to have been within the intention of the original thirteen States to limit this power by assenting to the Federal Constitution.[6]

[1] 97 U. S. 25.
[2] 123 U. S. 623.
[3] 94 U. S. 113.
[4] 97 U. S. 659.
[5] 111 U. S. 746.
[6] Louisville & N. R. Co. *v.* Kentucky, 161 U. S. 677; 40 L. E. 849.

(2) Generally speaking, the extent to which a State can regulate the business or affairs of a corporation depends upon the nature of the business — whether it affects the public closely or remotely. If it is of such a character or magnitude that the public are directly interested in its proper management, then it falls within the proper sphere of legislative control.[1]

(3) Being an inherent right as well as a duty, the legislature may pass enactments looking towards the safety of life and property, and general laws of this nature are a legitimate exercise of the "police power." Thus it may compel railroads to fence tracks, maintain cattle guards, put up signboards at crossings, construct viaducts, require all trains to stop at intersections of railroads, etc.[2]

(4) Laws intended to prevent or remove nuisances are clearly within the "police power" of the State.[3]

(5) A State may pass laws for the protection of its inhabitants against the evils of intemperance, even though existing contracts be affected thereby.[4]

(6) Laws regulating the employment of persons of a certain age in manufactories are a valid exercise of the general power of the State to enact laws to secure the health and education of the community.[5]

(7) A State may by statute protect the interest of employees when the common law affords no protection; as for example, a law providing that all railroad companies shall be liable for wages due to day laborers employed by contractors engaged to construct the company's railroad and works was held to be valid.[6]

(8) A State may by general laws regulate the use and disposition of property within its jurisdiction, although existing incorporated companies be thereby affected.[7]

(9) A State may pass laws for the protection of the morals

[1] Munn *v.* Illinois, 94 U. S. 113; 24 L. E. 77; Pearsall *v.* Company, 161 U. S. 646; 40 L. E. 838.

[2] Reid *v.* Colorado, 187 U. S. 137; 47 L. E. 108; Smith *v.* Company, 181 U. S. 248; 45 L. E. 847.

[3] Slaughter House Cases, 16 Wall. 36; 21 L. E. 394.

[4] Reymann Brewing Co. *v.* Brister, 179 U. S. 445; 45 L. E. 269; Rhodes *v.* State of Iowa, 170 U. S. 412; 42 L. E. 1088; Foster *v.* Kansas, 112 U. S. 201; 28 L. E. 629; Mugler *v.* Kansas, 123 U. S. 623.

[5] Knoxville Iron Co. *v.* Harbison, 183 U. S. 13; 46 L. E. 55.

[6] Knoxville Iron Co. *v.* Harbison, 183 U. S. 13; 46 L. E. 55; Butchers' Union, etc. *v.* Company, 111 U. S. 746; 28 L. E. 585; Dent *v.* West Virginia, 129 U. S. 114; 32 L. E. 623; Holden *v.* Hardy, 169 U. S. 366; 42 L. E. 780.

[7] Budd *v.* New York, 143 U. S. 517; 36 L. E. 247.

of its citizens, even though vested corporate rights be thereby affected.[1]

§ 117. **Legislative Investigation into Corporate Affairs.** — The statutes of California, Michigan, Minnesota, North Dakota, Oklahoma, South Dakota, and Wisconsin contain express provisions for the appointment of legislative committees to examine into the affairs of corporations organized under their laws. The provisions of the South Dakota act may be quoted as exemplifying the nature of such statutory provision. It reads as follows:

"The legislative assembly, or either branch thereof, may examine into the affairs and condition of any corporation in this State at all times; and for that purpose any committee appointed by the said assembly, or either branch thereof, may administer all necessary oaths to the directors, officers, and stockholders of such corporation, and may examine them on oath in relation to the affairs and conditions thereof; and may examine the safes, books, papers, and documents belonging to such corporation, or pertaining to its affairs and condition, and compel the production of all keys, books, papers, and documents by summary process, to be issued on application to any circuit court or any judge thereof, under such rules and regulations as the court may prescribe." [2]

Such an inquiry as is authorized by the statutes just referred to has been held not to constitute a judicial act, and is therefore considered a valid exercise of legislative powers.[3] On this particular subject the Supreme Court of Massachusetts spoke as follows:

"The inquiry into the affairs or defaults of a corporation with a view to continue or discontinue it, is not a judicial act. No issue is framed. No decree or judgment is passed. No forfeiture is adjudged. No fine or imprisonment is imposed. But an inquiry is had in such form as is deemed most wise and expedient, with a view to ascertaining facts upon which to exert legislative power or to learn whether a contingency has happened upon which legislative action is required."[4]

§ 118. **Legislative Requirement of Annual Reports from Corporations.** — Statutes exist in thirty-three of the Commonwealths

[1] Austin *v.* Tennessee, 179 U. S. 343; 45 L. E. 224; Petit *v.* Minnesota, 177 U. S. 164; 4 L. E. 716; Hannington *v.* Georgia, 161 U. S. 299; 41 L. E. 166; L'Hote *v.* New Orleans, 77 U. S. 587; 44 L. E. 899.

[2] Sec. 478, Rev. Civ. Code; sec. 2970, Comp. L.

[3] Lothrop *v.* Stedman, 42 Conn. 583; Fed. Cas. No. 8519.

[4] Crease *v.* Babcock, 23 Pick. 344.

requiring annual reports from domestic corporations. The validity of such statutes was considered by the Supreme Court in the case of Eagle Insurance Company *v.* State of Ohio.[1] The court in its opinion therein spoke as follows:

"The right of the plaintiff in error to exist as a corporation and its authority in that capacity to conduct the particular business for which it was created were granted subject to the condition that the privileges and franchises conferred upon it should not be abused or so employed as to defeat the ends for which it was established, and that when so abused or misemployed they might be withdrawn or reclaimed by the State in such way and by such modes of procedure as were consistent with law. Although no such condition is expressed in the plaintiff's charter, it is implied in every grant of corporate existence. Equally implied in our judgment is the condition that the corporation shall be subject to such reasonable regulations in respect to the general conduct of its powers as the legislature may from time to time prescribe which do not materially interfere with or obstruct the substantial enjoyment of the privileges the State has granted only to secure the ends for which the corporation was created. If this condition be not implied, then the creation of corporations with rights and privileges which do not belong to individual citizens may become dangerous to the public welfare through the ignorance or misconduct or fraud of those to whose management their affairs are entrusted. It would be extraordinary for the legislative department of a government, charged with the duty of enacting such laws as may promote the health or morals or prosperity of the people might not when unrestrained by constitutional limitations upon its authority, provide by reasonable regulations against the misuse of special corporate privileges which it has granted, and which could not except by its sanction, express or implied, have been exercised at all."

The conclusion of the court in the case just referred to was that the charter of the corporation did not exempt it from obligations to comply with the subsequently established police regulations of the State, requiring certain corporations to make annual statements of their condition.

§ 119. **Inspection of Corporate Books.** — In all the Commonwealths but five statutes have been enacted requiring the keeping of certain corporate books and giving to stockholders, and sometimes to creditors as well, the right to inspect the same. At

[1] 153 U. S. 446.

common law stockholders had the right to inspect books and papers of the corporation at reasonable times and for a proper purpose.[1] Creditors had no such common law rights.

On this subject the New York Court of Appeals in the Matter of Steinway[2] spoke as follows:

"The elementary works unite in holding that the incorporator has the right in question and that mandamus is the proper remedy. We think that according to the decided weight of authority a stockholder has the right at common law to inspect the books of his corporation at a proper time and place and for a proper purpose, and that if this right is refused by the officers in charge, writ of mandamus may issue in the sound discretion of the court with suitable safeguards to protect the interests of all concerned. It should not be issued to aid a blackmailer, nor withheld simply because the interest of the stockholder is small, but the court should proceed cautiously and discreetly, according to the facts of the particular case. To the extent, however, that an absolute right is conferred by statute, nothing is left to the discretion of the court but the writ to issue as a matter of course, although even then doubtless due precautions may be taken as to time and place so as to prevent interruption of business, or other serious inconvenience. We do not think, however, that the statute now in force in this State is exclusive, or that it has abridged the common law right of stockholders with reference to the examination of the corporate books. By enabling the stockholder to get some information in a new way, it did not impliedly repeal the common law rule, which enabled him to get other information in another way, for the courts do not hold the common law to be repealed by implication unless the intention is obvious. By simply providing an additional remedy the existing remedy was not taken away. The statute merely strengthens the common law rule with reference to one part thereof, and left the remainder intact."

The right of inspection of corporate books is not the inspection of the idle, the impertinent, or the curious, but an inspection with a laudable object to accomplish, or a real and actual interest upon which is predicated the request for information disclosed by the books.[3]

[1] People *v.* Eadie, 63 Hun, 320; 133 N. Y. 573; Burham *v.* Company, 76 Cal. 24; 17 Pac. 940; Phœnix Iron Co. *v.* Commonwealth, 113 Pa. St. 563; Hemingway *v.* Hemingway, 58 Conn. 443.

[2] 159 N. Y. 250.

[3] State *ex rel.* Bourdette *v.* Company, 49 La. Ann. 1556; 22 So. 815.

The purpose of requiring a copy of stock books and books of account at the corporation's domiciliary office is to protect the rights of stockholders and to aid the State in exercising its visitorial powers, or to enable creditors or stockholders to ascertain the number of shares standing in the names of each so as to levy execution and attachment thereon. The mere fact that a domestic corporation has kept its books in another State when required by law to keep its books at its domiciliary office, is not a ground for dissolving the corporation when parties entitled to inspection of such books have never been refused the right to inspect the same at the domiciliary office.[1]

§ 120. **Anti-Trust Legislation.** — The term "trust" includes any form of combination or combinations between corporations or between corporations and individuals for the purpose of regulating production and repressing competition by means of the power thus centralized.[2]

Under the common law agreements, pools, trusts, or combinations between persons or corporations looking towards any absolute restraint of trade or to regulate prices or to promote monopolies, were against public policy, and as such were unlawful and void. But when the question of public policy is at issue, certain matters should be noted.

It has been well said "that the public policy of the State varies from time to time. It is not to be measured by the private combination or combinations of the persons who happen to be exercising judicial functions, but by reference to the enactment of the law-making power, and in the absence of them to the decisions of the courts. When, however, the legislature has spoken upon a particular subject and within the limits of its constitutional powers, its utterance is the public policy of the State."[3]

Congress dealt with illegal trade combinations in relation to interstate commerce as early as 1887, when it passed the Inter-State Commerce Act, and later on, July 2, 1890, it passed what is known as the "Sherman Anti-Trust Act." Since that time thirty-three of the States have passed more or less stringent anti-trust acts. All this legislation has been framed with the same purpose.

[1] Ribling Stock Co. *v.* People, 147 Ill. 234; 35 N. E. 608.

[2] MacGinniss *v.* Company (Mont.), 75 Pac. 89.

[3] MacGinniss *v.* Company (Mont.), 75 Pac. 89; United States *v.* Association, 166 U. S. 290; 41 L. E. 1007.

In some of these acts an arbitrary distinction is made between dealers and producers. Such provisions have under certain circumstances been declared to be "class legislation," and as such are invalid under the Fourteenth Amendment to the Federal Constitution.

Under this principle the anti-trust acts of Illinois and Texas have recently been declared to be unconstitutional.[1]

In the note below will be found the dates of the passage of the earlier anti-trust acts in the several States.[2]

§ 121. **Regulation of Internal Affairs.** — In many of the States the regulation of the internal affairs of corporations has been largely delegated by statute to the corporations themselves. Such is the case in Alabama, Connecticut, Delaware, Iowa, Maryland, Massachusetts, New Jersey, Nebraska, New York, North Carolina, South Carolina, Tennessee, Utah, Virginia, West Virginia, and Wisconsin.

In other of the Commonwealths, without express provision of law permitting the same, State officials allow clauses for the regulation of the internal affairs of the corporation to be incorporated in articles of incorporation filed with them. As an

[1] Connolly *v.* Union S. P. Co., 184 U. S. 540; 46 L. E. 679; State *v.* Shippers & Compress Warehouse Co., 95 Texas, 603; 69 S. W. 58; Ford *v.* Association, 155 Ill. 166; 39 N. E. 651; Harding *v.* Company, 182 Ill. 551; 55 N. E. 577. See also Northern Securities Co. *v.* United States, 193 U. S. 197.

[2] The Federal Anti-Trust Act commonly known as "the Sherman Act" was approved July 2, 1890. The following is a list of the States wherein anti-trust legislation of a more or less comprehensive character was passed, together with the date the same went into effect:

Alabama, Insurance Act, Feb. 18, 1897; Arkansas, Anti-Trust Act, Mar. 16, 1897; California, Cattle Trust Act, Feb. 27, 1893; Delaware, Life Insurance Act, Feb. 15, 1891; Florida, Trade in Cattle, June 11, 1897; Georgia, Anti-Monopoly Act, Dec. 23, 1896; Illinois, Prohibitory Pools, Trusts, and Combinations, Original Act, July 11, 1891, amended June 10, 1897; Indiana, Mar. 5, 1897, General Anti-Trust; Iowa, General Anti-Trust, May 6, 1890; Kansas, Mar. 8, 1897, defines a trust in five sections; Kentucky, General, May 20, 1890; Louisiana, General went into effect July 7, 1892; Maine, General, Mar. 7, 1889; Michigan, became a law July 1, 1889; Minnesota, April 20, 1891; Mississippi, Part of the Code of the General St. Laws of Mississippi adopted in 1892, and amended March 11, 1896; Missouri, Original Act, April 2, 1891, revised under Act of April 11, 1895, and revised again March 24, 1897; Montana, Annotated Code of 1895, secs. 321–325; Nebraska, Act of April 8, 1897; New Mexico, Feb. 4, 1891; New York, May 7, 1897; North Carolina, March 11, 1889; North Dakota, March 9, 1897; Oklahoma, Dec. 25, 1890; South Carolina, Feb. 25, 1897; South Dakota, March, 1, 1897; Tennessee, April 6, 1889 amended March 30, 1891; Texas, Original Act, March 30, 1889, amended April 30, 1895; Utah, March 9, 1896; Washington, Con., Art. XII. sec. 22, and also Act of March 21, 1895, Session Laws, 1895, chap. cxlviii.; Wisconsin, April 27, 1897. (See "Biography of Commercial Trusts," by Wm. H. Winters, Librarian of the N. Y. Law Institute in 1890.)

example of the statutes above referred to, attention is called to the provisions of the New Jersey Act, which reads as follows:

"The certificate of incorporation may also contain any provision which the incorporators may choose to insert for the regulation of the business and for the conduct of the affairs of the corporation, and any provision creating, defining, limiting, and regulating the powers of the corporation, the directors, and the stockholders or any class or classes of stockholders." [1]

Without such statutory authority State officials are unquestionably justified in refusing to allow articles of incorporation to be filed containing such clauses as are here referred to.[2]

The Court of Appeals of New York in an early case, commenting upon the legal effect of the insertion of provisions in the articles not authorized by the incorporation act, spoke as follows:

"The want of authority for this provision would not affect the validity of the corporation. The articles must contain the statements affirmatively required by the act, because those statements constitute the conditions precedent to the right of the company to become incorporated. If unauthorized provisions are added, all the acts done pursuant to such provisions will be void, but until the company is proceeded against for abuse of its franchises its rights as a corporation will not be affected by such unauthorized provisions." [3]

The more modern view in regard to such matters is that where State officials are either expressly or impliedly empowered to pass upon the validity of articles of incorporation submitted to them with a view to filing in their office, the approval of such State official once obtained renders such clauses as are here referred to valid as against all but the State, even when their insertion in the articles is not expressly authorized.[4]

§ 122. **Liability of Stockholders for Debts of the Corporation.** — The general subject of stockholders' liability may be best discussed under three heads: (*a*) Liability for unpaid stock subscriptions; (*b*) Double liability as established by statute in certain

[1] New Jersey Session Laws of 1896, chap. 185, sec. 8, subdivision 7.

[2] *In re* Stevedores' Beneficial Ass'n, 14 Phila. Pa. 130; see *ante*, sec. 5.

[3] Eastern Plank Road Co. *v.* Vaughan, 14 N. Y. 551.

[4] See *ante*, sec. 6.

States; (*c*) Special liability as established by statute in certain States.

(*a*) Liability for unpaid stock subscription. The statutes which exist in nearly every Commonwealth in the Union making stockholders liable for unpaid stock subscriptions are merely declaratory of the common law.[1] The liability of stockholders of corporations for unpaid stock subscriptions with reference to creditors is oftentimes confused with their liability to the corporation itself. The latter liability is directory and the right to enforce it may be waived by the corporation. In the absence of such waiver the subscribing stockholders are bound by the contract of subscription to pay the full value of their shares in such instalments and in such manner as may be prescribed by the laws of the State or by-laws of the corporation. In such cases the liability may be enforced by the ordinary remedies. The corporation usually has a lien upon the stock, and may sell the same in satisfaction of the debt, and may collect the deficiency, if any, by action against the delinquent stockholders.

On the other hand, as the corporation is a legal entity distinct from the stockholders who constitute it, no debts or obligations incurred by it can, in the absence of a direct statutory provision, impose any lawful liability upon the stockholders. But in equity, under what is termed the "trust fund doctrine," the debts of the stockholders to the corporation are regarded as equitable assets of the corporation and may be reached by the creditors if the legal assets prove insufficient. This trust fund doctrine derives its main support at the present time from the Supreme Court of the United States, but it has secured recognition in many jurisdictions.

As stated in Sanger *v.* Upton,[2] "The capital stock of an incorporated company is a fund set apart for payment of its debts. It is publicly pledged to those who deal with the corporation for their security. Unpaid stock is as much a part of this pledge, and as much a part of the assets of the company as the cash which has been paid in.

"The stockholders thus become individually liable for the debts of the corporation, to the extent of the unpaid balance on their stock. They are also in some States subject to other statutory liabilities hereinafter set forth. The statutory remedy is usually by equitable action, but in some States by an action at law.

[1] Taylor *v.* Cummings, 127 Fed. 108. [2] 91 U. S. 60.

Under nearly all such statutory provisions, the liability of stockholders is intended merely as a secondary security for creditors in case the assets of the corporation are insufficient to meet its debts, but in special cases stockholders may be made parties defendant in an original action, and if they are obliged to pay any debt of the corporation they may bring an action against the corporation for the amount so paid, and are usually entitled also to exact contribution from the other stockholders."

The only other questions which are of practical importance in connection with the present subject may be restricted to two classes: one relates to the liability for unpaid stock subscriptions to creditors as between the transferor and the transferee, and the other relates to the liability to creditors of pledgees and trustees of stock.

With reference to the first question it may be said that the question depends upon the law of the State in which the stockholder may reside and in which action may be brought.[1] In most States transferors of stock are not subject to stockholders' liability, and are thereafter released from liability for assessments made by the corporation.[2]

In the absence of statutory provision to the contrary, a *bona fide* transfer of stock perfected on the books of the corporation, discharges the transferor from any further liability either to the corporation or to creditors for calls made after the transfer and for calls made prior thereto, and the transferee takes his place and becomes liable for calls made after the transfer but not for calls made before.[3] The distinction which clearly obtains between one who holds his stock by transfer and one who is an original subscriber to the stock of the corporation, must be carefully noted. The former may in good faith discharge himself from liability for unpaid instalments by due transfer of his shares, while the latter cannot obtain immunity in this way. The subscriptions for stock and the acceptance of a certificate for the shares constitute a contract between the subscriber and the corporation by which he engages to pay the remaining instalments on demand from the corporation. From this agreement the subscriber cannot recede without the consent of the corporation.[4] In some of the States

[1] Glenn *v.* Hunt, 120 Mo. 330; 25 S. W. 181.

[2] M. L. T. Co. *v.* Ward, 13 Ohio, 120.

[3] Pullman *v.* Upton, 96 U. S. 328; see also Sigua Iron Co. *v.* Brown, 171 N. Y. 488; 64 N. E. 194.

[4] Hood *v.* McNaughton, 54 N. J. Law, 425; 24 Atl. 497.

this matter is regulated by statute. In Maine, Massachusetts, North Carolina, West Virginia, the original subscriber alone is liable. In Illinois, Iowa, Nebraska, New Hampshire, Rhode Island, and Virginia the original subscriber remains liable as well as the transferee.[1] In Georgia, Ohio, Tennessee, and Oregon the original subscriber is liable upon default in payment by the transferee. In Mississippi and Wisconsin the original subscriber remains liable for the debts contracted before his ownership or those contracted thereafter. In California, Indiana, Kentucky, Maryland, Michigan, Minnesota, New York, and Tennessee the original subscriber remains liable for the debts of the corporation contracted during his ownership and not for debts contracted after such transfer. In Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Florida, Idaho, Kansas, Louisiana, Massachusetts, Minnesota, Missouri, Montana, New Jersey, North Dakota, Oklahoma, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Vermont, Washington, and Wyoming upon the transfer of stock the transferee becomes liable for all debts contracted both before and after transfer, and the transferor is discharged in all these States as to debts contracted after such transfer, and in some of these States from liability for debts contracted before such transfer as well.[2]

Turning now to the question of liability of pledgees and trustees of stock, it may be said that unless protected by statute, as is the case in New York, Missouri, California, and Michigan, the prevailing rule seems to be that pledgees and trustees of stock are liable thereon to the extent of the unpaid portion of the stock held by them.[3]

On the other hand the Supreme Court of the United States has enunciated a different doctrine to the effect that a pledgee of stock taken as collateral security or as a loan is not subject to personal liability for the debts of the corporation imposed on other shareholders unless he has either become the owner of the shares in fact or has held himself out to be the owner, and thereby estopped himself from denying his personal liability as such.[4]

[1] White *v.* Greene (Iowa), 70 N. W. 182; Sprague *v.* Bank, 172 Ill. 149; 50 N. E. 190.

[2] Van Cott *v.* Van Brunt, 82 N. Y. 535.

[3] Hole *v.* Walker, 31 Ia. 344; Union Savings Ass'n *v.* Seligman, 92 Mo. 635; 65 S. W. 630; Germania National Bank *v.* Case, 99 U. S. 628; McMahon *v.* Macy, 51 N. Y. 155.

[4] Rankin *v.* F. I. T. & D. Co., 189 U. S. 242.

(*b*) Double liability as established by statute in certain States. What is known as the "double liability" of stockholders for debts of the corporation which existed formerly in a large number of States, has now been so far removed by statute that it exists at the present time in the case of ordinary business corporations in only two States, to wit, California and Minnesota.[1] In the last-mentioned State it does not exist in the case of corporations organized exclusively for the purpose of carrying on a manufacturing, mining, or mechanical business.[2]

(*c*) Special liability as established by statute in certain States. Stockholders at common law were not liable for debts of the corporation beyond their liability for unpaid stock subscriptions.[3] Personal responsibility of stockholders is inconsistent with the conception of corporate liability at common law, and for this reason, if it exists at all, must rest upon some positive statute.[4]

The particular liability under consideration here arises by reason of the existence of statutory provisions that may be stated as follows: Liability of incorporators as partners through failure to legally organize the corporation. In Florida, Iowa, Minnesota, Nebraska, and Wisconsin stockholders are individually liable by statute for failure to comply with certain prescribed regulations in regard to organization and publicity.[5] In a few of the States the courts construe the liability of incorporators where they have failed to legally organize the corporation, not as partners at all. This on the ground that no such relationship or liability is contemplated by the incorporators, and that the creditors' only remedy is against the officers and agents who actually made the contract.[6]

In Indiana, Massachusetts, Michigan, New York, North Dakota,

[1] The liability may possibly still exist in Indiana and Kansas; see pages 306, 321.

[2] Sacramento Bank *v.* Pacific Bank, 124 Cal. 147; 56 Pac. 787; Danielson *v.* Yoakum, 116 Cal. 382; 48 Pac. 322; N. H. H. N. Co. *v.* Company, 142 Mass. 349; 7 N. E. 773; Bates *v.* Day, 198 Pa. St. 513; 48 Atl. 407; Whitman *v.* Bank, 176 U. S. 559; Willis *v.* Mabon, 48 Minn. 140; 50 N. W. 1110; Marshall *v.* Sherman, 148 N. Y. 9; 42 N. E. 419; Tuttle *v.* National Bank, 161 Ill. 497; 44 N. E. 984.

[3] Toner *v.* Faulkerson, 125 Ind. 224; 25 N. E. 218; Hood *v.* McNaughton, 54 N. J. L. 425; 24 Atl. 497.

[4] S. L. C. N. Bank *v.* Hendrickson, 40 N. J. Law, 52; Ciar *v.* Iglehart, 3 O. St. 457.

[5] Kaiser *v.* Bank, 56 Iowa, 104; 8 N. W. 772; Fuller *v.* Rowe, 57 N. Y. 23; Connor *v.* Abbot, 35 Ark. 366; Johnson *v.* Corser, 34 Minn. 355; 25 N. W. 799; Hurt *v.* Salisbury, 55 Mo. 310; Bergeron *v.* Hobbs, 96 Wis. 641; 71 N. W. 1056; Clegg *v.* Company, 61 Iowa, 121; 15 N. W. 365; Slocum *v.* Head, 105 Wis. 431; 81 N. W. 673.

[6] Ward *v.* Brigham, 127 Mass. 24; Rutherford *v.* Hill, 22 Ore. 218; 25 Pac. 546; Canfield *v.* Gregory, 66 Conn. 9; 33 Atl. 536; Bank *v.* Hall, 35 O. St. 158.

Oklahoma, Pennsylvania, South Dakota, Tennessee, and Wisconsin they are liable for the wages of employees of the corporation. In New York, in what is known as full liability corporations, stockholders are liable for debts of the corporation in full. In Arkansas, Delaware, Iowa, Maine, Michigan, Minnesota, New Hampshire, New Jersey, North Carolina, Vermont, and West Virginia stockholders are individually liable to the extent of any part of the corporate assets refunded to them respectively. In Idaho, Minnesota, North Carolina, and South Carolina stockholders are individually liable for any fraud or misconduct on their part. In Arizona, Delaware, Iowa, and Nebraska stockholders are personally liable for the debts of the corporation, unless they limit this liability by provision therefor in the charter.[1]

§ 123. **Statutory Liability of Directors.**— With the exception of a very limited number of States, all of the Commonwealths have statutes, either civil or penal, imposing liability upon directors for certain designated acts of misfeasance or nonfeasance. These statutes are diverse both in scope and character. It will only be possible in this connection to enumerate without discussion the several liabilities thus imposed upon directors.

(1) For illegal declaration of dividends.[2]

(2) For illegal withdrawal of capital stock.[3]

(3) For making false reports, or keeping false books of account, or making false representations.[4]

[1] Van Pelt *v.* Gardner, 54 Neb. 701; 75 N. W. 974.

[2] Such liability exists in Alaska, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming. See Dykman *v.* Keeney, 160 N. Y. 677; 54 N. E. 1090; Chamberlain *v.* Company, 118 Mass. 552; Pittsburg, etc. R. R. Co. *v.* Allegheny Co., 63 Pa. St. 126.

[3] Such liability exists in Alaska, California, Connecticut, Georgia, Idaho, Iowa, Mississippi, Montana, Nevada, New Jersey, New Mexico, North Carolina, Oklahoma, Oregon, South Dakota, Washington, and West Virginia.

[4] Such liability exists in Delaware, District of Columbia, Indiana, Kentucky, Montana, Nevada, New Hampshire, New York, Rhode Island, South Carolina, Tennessee, and Virginia. See Huntington *v.* Attrill, 118 N. Y. 365; 23 N. E. 544; Gidding *v.* Holter, 19 Mont. 263; 48 Pac. 8; Felker *v.* Company, 148 Mass. 226; 19 N. E. 225; Githers *v.* Clarke, 158 Pa. St. 616; 28 Atl. 232; Thompson Houston

(4) For failure to file annual reports.[1]

(5) For violation of express statutes.[2]

(6) For authorizing the contraction of debts in excess of the amount limited by law.[3]

(7) For contracting debts before statutory requirements, such as subscriptions for stock, either in whole or in part, publication of articles, etc., have been complied with.[4]

(8) For failure to file certificates as to reduction of capital stock.[5]

(9) For false oaths to articles of incorporation.[6]

(10) For making loans to directors.[7]

(11) For making loans to stockholders.[8]

(12) For loss of funds through negligence.[9]

(13) For failure to display name or itemized accounts at domiciliary office.[10]

(14) For failure to allow inspection of books.[11]

Electric Co. *v.* Murray, 60 N. J. L. 20; 37 Atl. 443.

[1] Such liability exists in Colorado, Michigan, Montana, New Hampshire, New York, and Oklahoma. See Garrison *v.* Howe, 17 N. Y. 458; Van Etten *v.* Eaton, 19 Mich. 187; Shanklin *v.* Gray, 111 Cal. 88; 43 Pac. 399; Cincinnati Cooperage Co. *v.* O'Keeffe, 120 N. Y. 603; 24 N. E. 993; Wallace *v.* Walsh, 125 N. Y. 26; 25 N. E. 1076; Glenn Falls Paper Co. *v.* White, 18 Hun (N. Y.), 214; Bolen *v.* Crosby, 49 N. Y. 183; Tabor *v.* Bank, 62 Fed. 383; 10 C. C. A. 429.

[2] Such liability exists in Arkansas, Idaho, Indiana, Kentucky, Michigan, North Dakota, and South Dakota. See Patterson *v.* Stewart, 41 Minn. 84; 42 N. W. 926; Loverin *v.* McLaughlin, 161 Ill. 417; 44 N. E. 99; Clow *v.* Brown, 150 Ind. 185; 48 N. E. 1034; 49 N. E. 1057; Gunther *v.* Company, 21 Ky. L. Rep. 655; 52 S. W. 931.

[3] Such liability exists in California, Illinois, Idaho, Mississippi, Montana, New Hampshire, New Mexico, North Dakota, Oklahoma, Rhode Island, Tennessee, Vermont, and Wyoming. See Tradesmen Pub. Co. *v.* Company, 95 Tenn. 634; 32 S. W. 1097; Lewis *v.* Montgomery, 145 Ill. 30; 33 N. E. 880; Horuor *v.* Henning, 93 U. S. 228.

[4] Such liability exists in Illinois, Ohio, Vermont, and Wisconsin. See Kent *v.* Clark, 181 Ill. 237; 54 N. E. 967; Clow *v.* Brown, 150 Ind. 185; 48 N. E. 1034; 49 N. E. 1057; Hequembourg *v.* Edwards, 155 Mo. 514; 55 S. W. 490; Loverin *v.* McLaughlin, 161 Ill. 417; 44 N. E. 99.

[5] Such liability exists in Indiana, New Jersey, and North Carolina.

[6] Such liability exists in Massachusetts.

[7] Such liability exists in Massachusetts and New York. See Thacher *v.* King, 156 Mass. 490; 31 N. E. 648; Connecticut River Bank *v.* Fiske, 62 N. H. 178; Witters *v.* Sowles, 31 Fed. 1.

[8] Such liability exists in District of Columbia, Mississippi, Missouri, New Hampshire, New York, Oklahoma, Rhode Island, and Tennessee. See Workingmen's Banking Co. *v.* Rautenberg, 103 Ill. 460; Bank Commissioners *v.* Bank of Buffalo, 6 Paige (N. Y.), 497.

[9] Such liability exists in Minnesota. See Horn Silver Mining Co. *v.* Ryan, 42 Minn. 196; 44 N. W. 56; M. F. N. Bank *v.* Harper, 61 Minn. 375; 63 N. W. 1079.

[10] Such liability exists in California and New Jersey. See Eyre *v.* Harmon, 92 Cal. 580; 28 Pac. 779; Ball *v.* Toman, 119 Cal. 35; 51 Pac. 546.

[11] Such liability exists in New Jersey.

(15) For embezzlement of officers.[1]

(16) For failure to make certificate of payment of capital stock.[2]

(17) For making false appraisal as to value of property taken in exchange for corporate stock.[3]

(18) For not producing list of stockholders at the annual election of directors.[4]

(19) For permitting an illegal issue of stock or bonds.[5]

(20) For making prohibited transfers of property.[6]

(21) For issuing stock as full paid when less than its par value is paid thereon.[7]

§ 124. **Extension of Corporate Existence.** — In order to extend corporate existence special legislative action is necessary.[8] In nearly all of the States statutes exist providing that for a period of three years after the term of existence limited by its charter has expired, the corporation shall continue to exist for the purpose of winding up its affairs. Express power to extend corporate existence is granted in twenty-five of the Commonwealths.

Where corporations are permitted under their charter to make their term of existence perpetual, this right to extend corporate existence is of very little practical importance. As, however, perpetual existence is permitted in only twenty-seven of the States, it is a question of much practical importance in the remainder. It has been held by at least one court of excellent repute that where the power of amendment of the charter is unlimited, even though it does not refer specifically to the right to extend corporate existence, it may nevertheless be used for that purpose.[10]

When so extended, it must pay an organization tax if the law

[1] Such liability exists in Colorado, New Mexico, and Pennsylvania. See Scott *v.* Depeyster, 1 Edw. Ch. (N. Y.) 513; Wallace *v.* Bank, 89 Tenn. 630; 13 S. W. 48; Ouderkirk *v.* Bank, 119 N. Y. 263; 23 N. E. 875.

[2] Such liability exists in Colorado, Delaware, Maryland, New Hampshire, North Carolina, and Rhode Island.

[3] Such liability exists in Connecticut. See Hequembourg *v.* Edwards, 155 Mo. 514; 56 S. W. 490; F. C. T. Co. *v.* Floyd, 47 O. St. 525; 26 N. E. 110.

[4] Such liability exists in Delaware and New Jersey.

[5] Such liability exists in North Dakota and New York. See Clow *v.* Brown, 150 Ind. 185; 48 N. E. 1034.

[6] Such liability exists in New York.

[7] Such liability exists in North Dakota. See Schley *v.* Dixon, 24 Ga. 273.

[8] People *v.* Pfister, 57 Cal. 532; Attorney-General *v.* Perkin, 73 Mich. 303; Smith *v.* Company, 58 N. J. Eq. 331; 43 Atl. 567; People *v.* Greene, 116 Mich. 505; 74 N. W. 714; Frostberg Mining Co. *v.* Company, 81 Md. 28; 31 Atl. 698.

[10] People *v.* Greene, 116 Mich. 505; 74 N. W. 714.

so provides, even though existence is extended under guise of an amendment.[1]

§ 125. **Taxation of Domestic Corporations.** — Legislative control over domestic corporations is exercised by means of the unquestioned right of such legislatures to impose a tax upon their organization and annually thereafter in the form of a franchise tax. The latter may be defined to be a tax levied by the State upon the capital of a corporation in return for the privilege of exercising its corporate powers within the limits of the State levying such tax. On the general subject of franchise tax the New York Court of Appeals in a recent case[2] spoke as follows:

"The system of taxation in this State is so complicated as to invite mistakes on the part of those who are called upon to enforce the law. In some instances the tax is laid upon property and in others upon rights and privileges connected with the property. There is direct taxation of real estate and of some personal property, indirect taxation of other personal property, taxation of the capital stock of corporations and of their franchises, taxation upon the right of succession to the property left by decedents, and the like. . . .

"There is, first, an organization tax, payable to the State, which is imposed but once, and is exacted for the privilege of becoming a corporation. Next, there is a tax upon the real estate owned by the corporation in this State, which is assessed the same as if it were owned by an individual. The personal property of the corporation is not directly taxed, but its capital stock and surplus after deducting the assessed value of its real estate and making some other deductions, is assessed at its actual value. Finally, there is a franchise tax on corporations which is payable annually to the State, 'computed upon the basis of the amount of its capital stock employed within this State.' This is not a tax upon property, although it is measured by the value of property, but upon the right of a corporation to exist and exercise the powers granted by its charter. These forms of taxation do not all rest upon the same principle. The organization tax is in the nature of a license fee for the right to become a corporation. The tax upon real estate is a direct tax upon real property, while the franchise tax is not laid upon property at all, but is imposed upon the corporation for the privilege of carrying on business in this State and exercising the corporate franchises granted by the State. The distinction between a tax upon the prop-

[1] Nl. Lead Co. *v.* Dickinson (N. J.), 57 Atl. 138.

[2] People *ex rel.* etc. *v.* Knight, 174 N. Y. 475; 67 N. E. 65.

erty of a corporation and a franchise tax, although well established and of great importance, is easily overlooked, as we find from our own experience."

With reference to organization taxes there can be no question raised as to the constitutionality of such taxation.[1]

The constitutionality of franchise taxes being imposed upon the franchise as a species of property is clearly within the constitutional powers of State legislatures.[2] In all of the States and Territories, with the exception of Alaska, Arkansas, District of Columbia, Georgia, Indian Territory, and Oklahoma, graduated organization taxes are imposed upon domestic corporations.

With respect to annual franchise taxes these are imposed only in the States of Alabama, Colorado, Delaware, Maine, Massachusetts, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Vermont, Washington, and West Virginia. In Alabama, Colorado, Maine, North Carolina, Oregon, South Carolina, Texas, Vermont, Virginia, Washington, and West Virginia the tax is levied upon the total amount of authorized capital stock, irrespective of the amount that may have been issued and outstanding.

In Delaware, Massachusetts, New Jersey, and Ohio the tax is graded according to the amount of capital stock issued and outstanding. In New York the tax is determined largely by the dividends on the par value of the amount of capital stock authorized. It is also graded on the amount of capital stock employed within the State.

§ 126. **Regulation of the Right of Consolidation.** — To accomplish a valid consolidation of two corporations that are organized under the laws of the same or of different States, legislative authority is necessary. It is not over-stating the matter to say that legislative authority is as necessary for the accomplishment of a valid consolidation of existing corporations as it is to the creation of a corporation in the first instance.[3] Any attempt, therefore, on the

[1] United Horseshoe Works *v.* Lewis, 1 Abb. (U. S.) 518; Fed. Cas. No. 14365; Combined Saw & Planer Co. *v.* Flournoy, 88 Va. 1029; 14 S. E. 976; State *v.* Rotwitt, 17 Mont. 41; 41 Pac. 1004; Hughesdale Mfg. Co. *v.* Vanner, 12 R. I. 491; Jones *v.* Company, 21 Col. 263; 40 Pac. 457.

[2] Society for Savings *v.* Coit, 6 Wall. (U. S.) 594; Tidewater Pipe Line Co. *v.* Berry, 53 N. J. L. 212; 21 Atl. 490; Attorney-General *v.* Bay State Mining Co., 99 Mass. 148.

[3] Pearce *v.* Company, 22 How. (U. S.) 441; A. L. & T. Co. *v.* Company, 157 Ill. 641; 42 N. E. 153; Cole *v.* Company, 133 N. Y. 164; 30 N. E. 847.

part of corporations to consolidate in the absence of any statute permitting consolidation will not be recognized by the courts.[1] Where power is granted to corporations to consolidate it is usually done by means of a general statute. Such statutes exist in a comparatively small number of the Commonwealths, the legislatures of the remaining States evidently looking upon consolidation as a form of a trust and therefore to be restricted. Some of the statutes limit the right of consolidation to corporations of the same character or engaged in the same line of business.[3] Where the right to consolidate existed at the time the corporation was created it can ordinarily be affected by vote of a majority of the stockholders against the dissent of the minority.[4] However, in the absence of such authority conferred prior to the incorporation of a company, it has been held that consolidation cannot be affected against the dissent of the minority stockholders.[5]

When it comes to the matter of consolidation, creditors have no right to intervene for the purpose of preventing such a consolidation providing the same is undertaken under legislative authority. The remedy of creditors in such cases is to proceed in equity with a view to subjecting the property of the consolidated corporation to the payment of their claims.[6] Sometimes, though not always, when a new corporation is formed by the consolidation of a domestic corporation with a foreign corporation, it is required to pay an organization tax, at least upon so much of the capital stock as is represented by the capitalization of that of the consolidated domestic corporation.[7]

[1] Greenville Warehouse Press Co. *v.* Company, 70 Miss. 669; 13 So. 879.

[3] See *In re* Prospect Park & Coney Island Railway Co., 67 N. Y. 371.

[4] Spero *v.* Company, 7 Ind. 369; Sprague *v.* Company, 90 Ill. 174.

[5] Clearwater *v.* Meredith, 1 Wall. (U. S.) 25; K. & R. I. Ry. Co. *v.* Marsh, 17 Wis. 13; Mowrey *v.* Company, 4 Bissell, 78; Fed. Cas. No. 9891.

[6] People *v.* Company, 92 N. Y. 105. See R. I. Ry. Co. *v.* Moffatt, 75 Ill. 524; N. D. Ry. Co. *v.* Company, 120 Mass. 397.

[7] State *v.* Sherman, 22 O. St. 411; P. Co. *v.* Company, 113 U. S. 296; A. & R. A. L. Co. *v.* State, 63 Ga. 2183; *contra*, People *v.* Company, 129 N. Y. 474; 29 N. E. 951.

CHAPTER VI.

LEGISLATIVE CONTROL OVER FOREIGN CORPORATIONS.

§ 127. **Extent of Legislative Power of the various Commonwealths over Foreign Corporations.** — A foreign corporation may be defined as one created under the laws of a State, Territory, government, or country other than that wherein it seeks to do business.[1] With some few exceptions nearly all of the Commonwealths have enacted statutes prescribing the terms and conditions upon which foreign corporations may carry on business within their borders. Most of these statutes closely resemble each other in character, and generally look to the attainment of the same end. Thus, for example, in order to give courts of the foreign State jurisdiction over the foreign corporation and to secure proper protection for such of its citizens as may transact business with the latter, the statutes prescribe that foreign corporations shall designate an agent residing within the State upon whom service of process upon the corporation may be served, and also designate a place of business where it may be found. Such provisions are unquestionably valid.[3]

Again, most of the acts require that a certified or sworn copy of the charter of the foreign corporation shall be filed in certain designated offices, usually with the Secretary of State and in the local recording office of the county where its principal place of business is to be located. The object of such enactment is to furnish easily accessible evidence of the existence of the corporation, and to protect parties dealing with it from fraud and imposition.[4]

Still other States require the filing of reports enumerating the officers, giving information relative to the business to be transacted within the foreign State and as to the financial condition

[1] Daly *v.* Company, 64 Ind. 1.

[3] St. Clair *v.* Cox, 106 U. S. 356; Lafayette Ins. Co. *v.* French, 18 How. (U. S.) 404.

[4] Evans *v.* Lee, 11 Nev. 194; D. F. Co. *v.* Augustine, 5 Wash. 67; 31 Pac. 327; Huffman *v.* Company, 13 Tex. Civ. Ap. 169; 36 S. W. 306.

of the corporation.[1] The right to transact business in a foreign State is a matter of State comity, pure and simple. The recognition of a foreign corporation and enforcement of its contracts in States other than that of its creation rests only on comity, and any conditions governing the right to transact business outside of the domiciliary State of the corporation may be imposed upon them or they may be entirely excluded.[2] But the conditions imposed must not be repugnant to the Constitution of the United States or to the public policy of the foreign State as evidenced by its statutory enactments and judicial decisions, nor can they be repugnant to rules of public law.[3]

In this connection it may be observed that foreign corporations cannot claim the protection of the prohibition of the United States Constitution against denying to citizens of any State the privileges and immunities of citizens of the several States.[4] Nor can they claim the benefit of the clause against denying to any person equal protection of the law.[5]

A State may preclude all foreign corporations not engaged in interstate commerce or in the employ of the general government from transacting business within its limits, and the courts cannot inquire into its reasons for so doing.[6] A State may discriminate between foreign and domestic corporations.[7] In short, the power of States over foreign corporations with respect to imposing conditions for doing business are as broad as those exercised over domestic corporations.[8] Wherever a corporation transacts its business it carries its charter with it, and that becomes the law of its existence in the foreign State, for the charter is the same abroad as it is at home. Whatever disabilities are placed upon the corporation at home are ordinarily equally binding upon it abroad, and whatever proper legislative control it is subject to must in general be recognized and submitted to by those who deal with it elsewhere.[9] The foregoing rule should be qualified

[1] Washington County Mut. Ins. Co. *v.* Dawes, 6 Gray, Mass. 376.

[2] Paul *v.* Virginia, 8 Wall. (U. S.) 161.

[3] Lafayette Ins. Co. *v.* French, 18 How. 407; S. P. Ry. Co. *v.* Denton, 146 U. S. 201; Am., etc. Christian Union *v.* Yount, 101 U. S. 356.

[4] Paul *v.* Virginia, 8 Wall. (U. S.) 168.

[5] P. C. S. M. & C. Co. *v.* Pennsylvania, 125 U. S. 181.

[6] Doyle *v.* Company, 94 U. S. 541; Horn Silver Mining Co. *v.* New York, 143 U. S. 314.

[7] Ducat *v.* Chicago, 10 Wall. (U. S.) 415.

[8] Orient Ins. Co. *v.* Daggs, 173 U. S. 566.

[9] Canada, etc. Ry. *v.* Gebherd, 109 U. S. 597; Isle Royale Land Corporation *v.* Sec. of State, 76 Mich. 162; 43 N. W. 14.

by the statement that a foreign corporation can do no act in a foreign State which cannot be done through the intervention of a mere agent and which is not in contemplation of law the direct act of the corporation itself.[1]

Comity between States authorizes a corporation to exercise its charter powers within any State, but it does not permit the exercise of a power where the policy of that State distinctly marked by legislative enactments or constitutional provisions forbids it.[2] It has been well said that "no rule of comity will allow one State to charter corporations to operate in another State unless there is willingness on the part of the foreign State that it should be so. To hold otherwise would be to say that the right of one State by comity is superior to the sovereign will of the other. This involves the surrender of sovereignty to a rule of comity and to a matter of international etiquette, which no sovereign State should for a moment think of."[3]

A great deal of litigation has arisen through the question whether or not foreign corporations may exercise the same powers in a foreign State that their charter authorizes them to exercise in the domestic State. It has been held that foreign corporations cannot exercise outside of the domicile State powers which their own charters do not permit them to exercise within the State of their origin, nor can they exercise powers in a foreign State not permitted to corporations organized under the laws thereof.[4] They cannot, however, do any acts which are contrary to the public policy of the foreign State.[5] Nor can they transact business for which domestic corporations cannot be formed on account of statutory prohibition thereof.[6]

In some jurisdictions what are termed "retaliatory statutes" have been enacted. The purpose of these statutes is to put corporations coming from other States upon the same plane as domestic corporations of that State are placed when they seek in turn to transact business in the States referred to.[7] Sometimes the laws of the foreign State expressly provide that foreign

[1] Duke *v.* Taylor, 37 Fla. 641; Demarest *v.* Flack, 128 N. Y. 205; 28 N. E. 645; Colwell *v.* Company, 100 U. S. 55.

[2] McDonough *v.* Murdoch, 15 How. (U. S.) 413.

[3] Empire Mills *v.* Company (Tex. Ap.), 15 S. W. 506.

[4] Diamond Match Co. *v.* Powers, 51 Mich. 145; Clarke *v.* R. R. Co., 50 Fed. 338; State *v.* Water Co., 61 Kan. 563; People *v.* Howard, 50 Mich. 239.

[5] L. G. R. T. Co. *v.* Commissioners, 6 Kan. 245.

[6] Empire Mills *v.* Company (Tex. Ap.), 15 S. W. 200.

[7] Talbot *v.* Company, 74 Mo. 544.

corporations shall have no rights or privileges other than those possessed by domestic corporations of the same character. A fair interpretation of such statutes would seem to be that such foreign corporations shall have equal powers with domestic corporations of a character similar to their own.[1]

In a recent case an interesting question arose as to the legal effect of inserting powers in a charter to be exercised only outside of the State, such powers being forbidden by the laws of the State in which the corporation was organized.[2] In this case the Federal Court of the State of Washington spoke as follows:

"It has become a habit of business men in this country to organize corporations in one State to operate in another, and presumably there is some advantage to be gained thereby, otherwise the practice would not be continued. But no sound reason has been advanced, and none occurs to my mind, for giving additional encouragement to the practice by judicially expanding the powers of such corporations so as to include additional rights and powers to be exercised abroad but not at home. Corporations organized under legislative statutes are not endowed with the rights of natural persons to do as they please except when restrained by prohibitive laws. On the contrary, the rule is that they have only such powers and rights as the statutes confer, and the enumeration of their powers implies the exclusion of all others except such subordinate and incidental rights and powers as are essential to their existence and the exercise of the rights and powers conferred in express terms, and the corporation can make no contracts and do no acts other than permitted by the State which created it except such as are authorized by its charter."

The general rule is that foreign courts will not interfere in the internal management of foreign corporations; that is, except in the presence of extraordinary circumstances.[3] In this connection a distinction obtains where the act complained of affects the party solely in his capacity as stockholder, for there he must seek redress of his grievance in the courts of the domiciliary State of the corporation. But where the act affects his individual

[1] See sec. 15, Art. XII. California Constitution; sec. 11, Art. XV. Montana Constitutions; I. & M. B. Co. *v.* Stone, 174 Mo. 1; 73 S. W. 453; MacGinniss *v.* Company (Mont.), 75 Pac. 89; Lowe *v.* Company, 52 Cal. 60.

[2] Seattle Gas & Electric Co. *v.* Citizens' Light & Power Co., 123 Fed. 588; 125 Fed. 1001.

[3] Sidway *v.* Company, 104 Fed. 481; Kimball *v.* Company, 157 Mass. 7; 31 N. E. 697.

rights he may seek redress in any tribunal where jurisdiction may properly be acquired.[1] Foreign courts have not the power to forfeit charters of foreign corporations.[2]

Quo warranto is the proper proceeding to try the right of a foreign corporation to carry on corporate business in a foreign State.[3]

The certificate of the Secretary of State authorizing a foreign corporation to transact business within the State is a franchise emanating from the State, and cannot be gone behind or revoked by any authority but the State.[4]

§ 128. **Doctrine of State Comity.** — What is known as the "doctrine of State comity" is nothing more nor less than a recognition of the principle that the right of foreign corporations to engage in business in a State other than that of their creation depends solely on the will of such other State.[5]

While there are exceptions to this rule they only exist where the corporation created by one State rests its right to enter another and engage in business therein upon the nature of its business. As, for instance, where it is necessarily an instrumentality of interstate commerce, and its business constitutes such commerce, it is therefore wholly within the paramount authority of Congress. In this case the exceptional business is protected against interference by such authority.

If the power to regulate applies to all the instances to which such commerce gives rise, and to all contracts which might be made in the course of its transactions, that power would embrace the entire sphere of mercantile activity in any way connected with the trade between the States, and would exclude State control over many contracts purely domestic in their nature. The power to exclude where it exists, embraces the power as well to regulate and to enforce all legislation in regard to things done within the State which may be directly or incidentally requisite in order to render the enforcement of the State powers efficacious to the fullest extent, subject always of course to the paramount authority of the United States.[6] Let us now turn our attention

[1] N. S. C., etc. Co. *v.* Field, 64 Fed. 151; M. B. T. Co. *v.* R. G. N. Co., 81 N. Y. Sup. 302.

[2] Fritts *v.* Palmer, 132 U. S. 289.

[3] State *v.* Ins. Co., 39 Minn. 538; 41 N. W. 108.

[4] State *ex rel. v.* Ackerman, 51 O. St. 163; 37 N. E. 828.

[5] Hooper *v.* State of California, 155 U. S. 148.

[6] W. U. Tel. Co. *v.* Mayer, 28 O. St. 521.

to the attitude maintained by the State courts towards foreign corporations.

One of the familiar features of the present day is the organization of corporations under the laws of one State whose statutes are particularly favorable with the intention of carrying on no business in the State of its organization and with the avowed purpose of carrying on business in other States. Long ago these corporations were nominated as "tramp corporations," and there was at the outset some effort made on the part of the courts to limit the powers and question the legal status of such corporations. There was an attempt made to induce the courts to refuse to judicially recognize such corporations, and to hold their stockholders liable upon their contracts as partners and upon their torts as joint tortfeasors.[1]

But the liberal policy of the American States in extending hospitality to foreign corporations and the powerful influence of interstate comity has completely overcome the tendency here referred to, so that at the present day the doctrine is established in practically every State in the Union, that each of these States will recognize as valid a corporation formed under the laws of another State for the express purpose of doing business outside of the State of its origin.[2]

The broader view taken by the courts on this question is well set forth by the decision of the New York Court of Appeals in Merrick *v.* Van Sanvoort.[3] In this case attempt was made to establish the doctrine that where a Connecticut corporation conducts all its business in the State of New York, it must thereby be deemed to have migrated to New York and to have forfeited its charter, thus permitting creditors of the corporation to hold the members, officers, and agents of the corporation personally liable for the debts and torts of the corporation. In refusing to recognize this doctrine the court spoke as follows:

"Hitherto corporate enterprise has not been trammelled by unfriendly legislation. No jealousy or competition or rivalry of adverse interest has been permitted to convert State lines into barriers

[1] See Hill *v.* Beach, 12 N. J. Eq. 31; Landgrant, etc. Co. *v.* Coffey Co., 6 Kan. 245; Montgomery *v.* Forbes, 148 Mass. 249; 19 N. E. 342; Atterberry *v.* Knox, 4 B. Monroe (Ky.), 90.

[2] See Merrick *v.* Van Sanvoort, 34 N. Y. 208; Demarest *v.* Flack, 128 N. Y. 205; State *ex rel.* *v.* Cook (Mo.), 80 S. W. 929.

[3] 34 N. Y. 208.

of obstruction to the free course of general commerce. Its avenues have been open to all.

"In this country our individual interests are so interwoven that the union of the States is due, in its continuance, if not in its origin, as much to commercial as to political necessity. The citizens of each claim a birthright in the advantages and resources of all. They demand from their local authorities such facilities as the law-making power can afford in the employment of labor and capital. They claim such corporate franchises and immunities as may enable them to compete on equal terms with the citizens of other States. For these, with the structure of our institutions, they naturally look to their own government. They acknowledge a double allegiance in their local and federal relations, which, by general consent, carries with it a correlative community of rights. They may live in an inland State, but they are none the less citizens of a maritime nation, and they may lawfully organize companies at home for traffic on ocean highways.

"A corporate charter is in the nature of a commission from the State to its citizens, and their successors in interest, whether at home or abroad. Each government, in the exercise of its own discretion, determines the conditions of its grant. It is free to impose or omit territorial restrictions, but it can confer general powers to be exercised within its bounds or without them, wherever the comity of nations is respected. For the purpose of commerce such a commission is regarded like a government flag, as a symbol of allegiance and authority; and it is entitled to recognition abroad until it forfeits a recognition at home. . . .

". . . We think the policy of this State is in harmony with that of the country, and that it would be neither provident nor just to inaugurate a rule which would unsettle the security of corporate property and rights and exclude others from the enjoyment here of privileges which have always been accorded abroad. Our national commerce is but the aggregate of that of the States, and every needless restriction by the operation of local laws is unjust and calamitous to all. We suppose the rules of comity on which we have hitherto acted to be generally accepted and approved. We see no reason why a Southern State may not grant to a corporation of its planters the right to erect mills for the manufacture of their cotton in New England; nor why the legislature of Massachusetts may not authorize a company of Lowell millers to raise cotton in South America or the Sea Islands. The State of Illinois touches neither the Atlantic nor the Pacific; but if it should organize a company of its citizens on the ocean with its office in the City of New York

and its business conducted by managers elected annually in Chicago, the rights of the corporation would be recognized wherever the obligations of national law are respected."

Through the operation of interstate comity corporations organized under the laws of one State may exercise their corporate powers outside of the geographical limits of the State from which they have obtained their charter. The doctrine of the courts on this subject is well set forth by the United States Supreme Court in Cowell *v.* Colorado Springs Co.[1] as follows:

"By the general comity which, in the absence of positive direction to the contrary, obtains through the States and Territories of the United States, corporations created in one State or Territory are permitted to carry on any lawful business in another State and Territory, and to acquire, hold, and transfer property there equally as individuals. If the policy of the State or Territory does not permit the business of the foreign corporations in its limits or allow the corporation to acquire or hold real property, it must be expressed in some affirmative way; it cannot be inferred from the fact that its legislature has made no provision for the formation of similar corporations or allows corporations to be formed only by general law."

A most instructive case in this immediate connection is that of Demarest *v.* Flack,[2] wherein the New York Court of Appeals observed that:

"The courts of every State and country recognize foreign corporations through what is termed national or State comity. But whether such recognition shall be given must be decided by the courts of the country where the corporation seeks to do business. In our State, as in others, it is a question of domestic policy, and what that policy is must be determined by an examination of our own legislation. If we find any direct enactment upon the subject, it is our duty to obey it, and in its absence we must determine the question with reference to our general legislation and to the circumstances which surround us as a great and growing commercial community, having need of and employing large amounts of combined capital, and for whose prosperity and growth it is of the utmost importance that such capital should have the greatest facilities extended it for useful employment, with reasonable and proper personal exemptions from liability. We can find no reason for a domestic policy that should exclude from recog-

[1] 100 U. S. 55.

[2] 128 N. Y. 205; 28 N. E. 645.

nition by our courts foreign corporations generally. It may safely be said there can be no such domestic policy at the present day in a civilized State. . . .

"An examination of our laws shows that it is, and for many years has been, the policy of this State to enlarge the facilities for the formation of corporations. General laws are on our statute book for the formation of corporations of almost every conceivable kind, and under some one of them a corporation of the kind mentioned in the case could readily be formed. The freedom from personal liability would be as great and could be as easily attained under our own as under the laws of West Virginia. The security of the creditor would not be substantially greater in the case of the domestic than in that of the foreign corporation. In the latter the creditor has the remedy by attachment, and he can obtain about as easy access to its property as if it were domestic instead of foreign.

"There is really nothing to evade by incorporating under a foreign law. No harmful results flow to a creditor or to the community here by such incorporation. Where the corporation formed under another jurisdiction comes here to do business of a kind which we permit to be done by corporations, and where our laws provide for incorporating individuals for the purpose of doing that business, it is difficult to see how the terms 'evasion' and 'fraud' can be properly applied to acts of our citizens whereby they obtain incorporation in another State. When they come in our State to do business they must conform to our laws relating to foreign corporations and comply with the terms laid down by us as conditions of allowing them to transact business here. In the case of many kinds of corporations such conditions have already been imposed by our laws, and if there be any kind where none is imposed it is conclusive evidence that up to this time the legislature has not thought it conducive to the true interests of the State and its citizens to impose them. I do not intimate that it is necessary for a State to expressly by statute exclude foreign corporations from acting within its jurisdiction. The policy of the State may exclude them, and that policy may be clearly established by a reference to the general legislation of a State. I find none such in the laws of this State.

"It has been urged that the easy way which our laws provide for forming corporations is itself a reason why we should not recognize as a corporation those of our own citizens who have gone to another State for the purpose of incorporating themselves under the laws thereof, to do business in our own State as such corporation.

"We think there is very little force in the argument. The public policy which we see in our own State, as evidenced by her laws upon

the subject of the formation of corporations, is one which looks to their ready and easy formation as a means of transacting business with an accumulation of capital and an exemption from personal liability to the largest extent consistent with reasonable supervision by the State. The facilities for incorporation offered by this State are not the result of any desire to promote the formation of corporations here as against their formation in other States. They are offered because of a policy on our part which urges upon the State the propriety of furnishing them as one means of controlling the business done by them and keeping it within our borders. If in any particular case it is thought by those interested in the matter that the business can be done in our own State and by our own citizens with greater facility under the form of a foreign corporation than under that of a domestic one, there is no public policy which forbids its transaction under such form. The supervision of a foreign corporation by this State may easily be exercised by imposing terms as a condition of permitting it to do business here. The absence of any such terms in our legislation forms no reason for refusing to recognize the corporation. The power rests with the legislature to say whether any, and if so what, terms shall be imposed upon such corporations as a condition of granting them permission to do business here. Those terms can only be imposed by the legislature, and in their absence our courts ought not, merely on that account, to refuse to recognize a foreign corporation. In the absence of legislation, our courts must either refuse absolutely, or else they must recognize the right of such corporations to come to this State and do business here. The courts cannot themselves impose terms or conditions. . . .

"The truth is, foreign corporations are not properly to be regarded with suspicion, nor should unnecessary restraints be imposed upon their doing business in our midst. They carry no black flag, and the policy of all civilized nations is to grant them recognition in their courts. It seems to me that every reason which urges upon us the recognition of foreign corporations organized with power to do business in our State and composed of citizens of the foreign State, is equally potent when the foreign corporation is composed of our own citizens. It has always been supposed that a State should at least deal as liberally with its own citizens as with those of foreign States. If, therefore, we permit foreign citizens to come within our limits in the form of a foreign corporation organized with power to do business here and recognized by us, why should we not permit our own citizens to avail themselves of the like privilege? If we impose terms and conditions upon foreign corporations, as such, doing business here, those same terms and conditions still and

equally apply to a foreign corporation when composed of our own citizens. Why should they not be placed at least upon an equality with the foreign citizen?"[1]

§ 129. **What constitutes doing Business on the Part of a Foreign Corporation within the State.** — There is perhaps no subject of corporation law wherein will be found greater diversity in the opinions of the courts of the several Commonwealths than that relating to the rights of foreign corporations. The growth of corporate organization as well as the vast extension of the business of corporations outside of the State of their origin has made the question of determining what in legal effect constitutes doing business on the part of a foreign corporation in States other than that of its domicile one of great practical importance. As has already been observed, parties may incorporate in one State at the present time for the purpose of transacting their business in another Commonwealth.[2]

In some of the States, notably South Carolina, the legislatures have attempted to give a statutory definition as to what constitutes doing business on the part of a foreign corporation within the Commonwealth. In most of the States, however, the question is left for judicial determination. A fair example of such statutes is to be found in the New York statute[3] which provides that "no foreign corporation, other than a moneyed corporation, shall do business in the State without having first procured" a proper certificate from the Secretary of State that it has complied with the statutes in such case made and provided. From the foregoing it will appear that the whole question centres upon the meaning of the word "business" as used in the statutes, of which the foregoing is a fair example. It will be impossible within the limits of this work to discuss at any length the conflicting decisions of the courts on the point here referred to. All that it is proposed to do is to present certain rules which a careful reading of the authorities have shown to represent the prevailing and better considered opinions of the various courts on the questions presented. These rules may be enumerated as follows:

[1] See also Lancaster *v.* Amsterdam Improvement Co., 140 N. Y. 576; 35 N. E. 964.

[2] State *ex rel. v.* Cook (Mo.), 80 S. W. 929; Oakhill Mfg. Co. *v.* Garst, 18 R. I. 484; 28 Atl. 973; Hanna *v.* Company, 23 O. St. 622.

[3] New York Session Laws of 1890, chap. 563, sec. 150; amended by Laws of 1901, chaps. 96, 538.

(1) In order to constitute the transaction of business by a foreign corporation within the foreign State, it is not indispensable that it should do the greater part of its business therein. If it does any part of its ordinary business therein and the same cannot properly be styled purely interstate commerce, the same constitutes the transaction of business therein within the meaning of the statute.[1]

(2) Generally speaking, the making of a single contract within the foreign State does not constitute the transaction of business therein.[2] There must be more or less continuity in the matter.

(3) The institution and prosecution of actions not arising out of previous transactions had within the foreign State does not constitute the transaction of business within the meaning of the statute.[3]

(4) Sales of merchandise by foreign trading corporations made by means of non-resident travelling salesmen, or by correspondence had between the foreign corporation at the domiciliary office and customers in the foreign State, or upon unsolicited orders from customers in the foreign State, do not constitute transaction of business within the meaning of the statute regulating the transaction of business by foreign corporations.[4]

Aside from the question of the nature of the act, there are constitutional grounds upon which it would be held that corporations were not, under the circumstances here referred to, subject to the statutes in such foreign State compelling foreign corporations to obtain a permit to do business therein. The constitu-

[1] Lamb *v.* Lamb, 6 Biss. 420; Fed. Cas. No. 8018.

[2] Cooper Mfg. Co. *v.* Ferguson, 113 U. S. 727; Gilchrist *v.* Helena H. S. & S. R. Co., 47 Fed. 593; Colorado Iron Works Co. *v.* Company, 15 Col. 499; 25 Pac. 325; Commonwealth *v.* Standard Oil Co., 101 Pa. St. 119; Florsheim Co. *v.* Lester, 60 Ark. 120; 29 S. W. 34; Miller *v.* Williams (Col.), 59 Pac. 740; Tabor *v.* Company, 11 Col. 419; 18 Pac. 537; Creteau *v.* Foote Co., 40 Ap. Div. (N. Y.) 215; Sec. Co. *v.* Panhandle Nat Bank, 93 Texas, 575; 57 S. W. 22; Missouri Coal Mining Co. *v.* Ladd, 160 Mo. 435; 61 S. W. 191; Payson *v.* Withers, 5 Biss. 269; Fed. Cas. No. 10864; Hope Mut. Life Ins. Co. *v.* Perkins, 38 N. Y. 404; Hart *v.* Livermore Co., 72 Miss. 809; 17 So. 769; Kilgore *v.* Smith, 122 Pa. St. 48; 15 Atl. 698; United States *v.* Company, 29 Fed. 17.

[3] Mandel *v.* Company, 154 Ill. 177; 40 N. E. 462; Smith *v.* Little, 67 Ind. 549.

[4] T. L. Co. *v.* Holbert, 5 N. Y. Ap. Div. 559; Novelty Mfg. Co. *v.* Connell, 88 Hun, 254; M. I. W. C. & S. Co. *v.* Mosher, 114 Mich. 64; 72 N. W. 117; F. & J. M. Co. *v.* Foster, 4 Dak. 329; J. S. L. Co. *v.* Chappell, 184 Ill. 539; 56 N. E. 539; Gale Mfg. Co. *v.* Finkelstein, 22 Tex. Civ. Ap. 241; 54 S. W. 619; Toledo Commercial Co. *v.* Company, 55 O. St. 217; Wolff Dryer Co. *v.* Bigler, 192 Pa. St. 466; 43 Atl. 1092; Droege *v.* Company, 163 N. Y. 466; 57 N. E. 747.

tional grounds here referred to have reference to those trading or quasi-public corporations engaged wholly in interstate trade and commerce and therefore not subject to regulation by State enactments.[1] The same rule applies where the corporation is in the employ of the general government.[2]

(5) Foreign corporations may take mortgages by way of investment or as security, or may take real estate as security or otherwise without coming within the prohibition of the statute, provided such acts are not within the express purposes for which such corporations were created, as for example where they are engaged in the mortgage loan or real estate business.[3]

(6) Foreign corporations may take property by devise in foreign jurisdictions, if their charter authorizes it, either expressly or by implication, without coming within the purview of the statute.[4]

(7) The mere fact that a corporation pays rent for offices for its agent employed to solicit orders in the foreign State does not in itself prove that the corporation is transacting business within the foreign State.[5] The question in all such cases is whether it is actually transacting business within the foreign State, and not whether some incident preliminary to the transaction of such business is to be performed there.[6] The maintenance of an office within the State may be considered as a circumstance done in connection with others to show that a foreign corporation is transacting business in the State, but it is by no means conclusive of the question.[7]

(8) Where a foreign corporation consigns goods to persons in a foreign State to sell, and sales are made there by the factor in his own name and the proceeds collected by him, this does not

[1] Robbins *v.* Shelby County Tax District, 120 U. S. 489; Brennan *v.* Titusville, 153 U. S. 289.

[2] Horn Silver Mining Co. *v.* New York, 143 U. S. 305.

[3] C. U. A. Co. *v.* Scammon, 102 Ill. 46; Bard *v.* Poole, 12 N. Y. 495; A. M. L. I. Co. *v.* Owen, 15 Gray (Mass.), 491; Black *v.* Colwell, 83 Fed. 880; C. O. L. I. Co. *v.* Sawyer, 44 Wis. 387; Fritts *v.* Palmer, 132 U. S. 288; Bank *v.* Sherman, 28 Ore. 577; 43 Pac. 658; Simplex Dairy Co. *v.* Cole, 86 Fed. 739; Gilchrist *v.* Company, 47 Fed. 593; C. P. E. Co. *v.* Company, 152 Mass. 432; 28 N. E. 300; Cooper Mfg. Co. *v.* Ferguson, 113 U. S. 727; 28 L. E. 1137; F. B. D. G. Co. *v.* Lester, 60 Ark. 120; 29 S. W. 34.

[4] Am., etc. Christian Union *v.* Yount, 101 U. S. 352; Santa Clara Female Academy *v.* Sullivan, 116 Ill. 375; 6 N. E. 183; Lewisburg Baptist University *v.* Tucker, 31 W. Va. 621; 8 S. E. 410; Chamberlain *v.* Chamberlain, 43 N. Y. 444.

[5] People *ex rel.* Brewing Co. *v.* Roberts, 22 N. Y. Ap. Div. 284.

[6] Tallapoosa Lumber Co. *v.* Holbert, 5 N. Y. Ap. Div. 516.

[7] People *v.* Company, 175 N. Y. 76; American Broom & Brush Co. *v.* Addicks, 19 N. Y. Misc. Rep. 36.

constitute doing business within the foreign State within the meaning of the statute.[1]

(9) The renting of an office in a foreign jurisdiction in charge of a selling agent who distributes therefrom samples to customers and to travelling agents whose salaries are paid therefrom, together with the keeping of a bank account in such jurisdiction, does not necessarily constitute doing business within the foreign State within the meaning of the statute.[2]

Finally, in addition to the foregoing rules, it may not be without value in this connection to call particular attention to a few cases which seem to throw considerable light upon the general subject of what constitutes the transaction of business within a foreign State within the meaning of the Statutes already referred to. Attention is first called to the case of People *ex rel.* Kellogg Paper Co. *v.* Roberts.[3] Here an Illinois corporation furnished printed matter to local publishers in the State of New York. It kept solicitors in the State of New York to secure advertising patronage for a newspaper published by it in Chicago. For this purpose it had an office in the State of New York with a manager and five clerks. It also kept a New York bank deposit from which rent and salaries were paid amounting to an annual expense of $13,000. It had office furniture in the State of New York valued at $700. It was held that the corporation had no capital employed in the State of New York which rendered its capital stock liable to assessment for taxation. The court in its opinion stated:

"Office conveniences are permitted here to a foreign corporation doing business in another State to solicit orders to be executed in the other States without liability to our franchise tax. In People *ex rel.* Smith Co. *v.* Roberts,[4] the court held that office leases, bank accounts, and the keeping of samples within the State by foreign corporations were nominally incidental to the business of soliciting orders and making sales which the relator could carry on in the foreign State without being liable to taxation. It also observed that the machinery with which an interstate business is carried on is to some extent erected within the State and does not make such business taxable there."

[1] Bertha Zinc & Mining Co. *v.* Clure, 7 N. Y. Misc. Rep. 128.

[2] Washington Mills Co. *v.* Roberts, 8 N. Y. Ap. Div. 201; affirmed in 151 N. Y. 619; People *ex rel. v.* Roberts, 25 N. Y. Ap. Div. 13; People *ex rel. v.* Roberts, 29 N. Y. Ap. Div. 585.

[3] 30 N. Y. Ap. Div. 150.

[4] 27 N. Y. Ap. Div. 455.

In Vaughan Machine Co. *v.* Lighthouse,[1] the testimony showed that a foreign corporation had sold merchandise in New York both by agents and by correspondence, and in this case it had no office within the State. Upon the question whether this constituted the transaction of business within the State, the court spoke as follows:

"The statute does not intend to relate to business conducted in the manner just referred to. It contemplates a location, a domicile, having an office and the investment of some part of its capital within the State. Orders can then be transmitted and dealings had with it at this office and the conduct of its business is thus transferred, in a measure at least, to the headquarters established within the territorial limits of this State. It thus settles within the State, and enjoys the benefits incident to a domestic corporation, and the legislature imposes requirements and obligations upon it by reason of the privilege conferred of doing business like a body corporate organized in this State. It was never intended to hamper trade and restrict interstate commerce by bringing within its ban every corporation which happens to cross the State boundary with its wares to supply customers who have ordered them from the home office.

". . . It must be kept in mind that it was not designed to fetter or exclude business from the State. Its aim was to require a foreign corporation, which was on a level in its privileges with one organized here, to bear the burdens and be equally accessible to process with State corporations. To give it the construction contended for by the defendant would interfere with that comity between the States in their trade relations which has been potential in the development of our commercial and industrial business."

In Cummer Lumber Company *v.* Insurance Company,[2] the court spoke as follows:

"This statute — relative to foreign corporations obtaining a permit to do business in this State — was simply declaratory of the policy of the State that foreign stock corporations should not carry on any business in this State which similar corporations organized under its laws could not lawfully conduct. Its purpose was not to avoid contracts, but to provide an effective supervision and control of the business proposed to be carried on here by foreign corporations, and it is absurd to contend that it had no reference to the facts established by the evidence in the case at bar."

[1] 64 N. Y. Ap. Div. 138.

[2] 67 N. Y. Ap. Div. 151.

Again, the court said:

"The scope of the law here under consideration is that of merely undertaking to regulate the business of foreign corporations so that they shall not do business under more advantageous terms than those allowed to corporations of this State. It has no relation whatever to the incidental contracts of a foreign corporation made with a domestic corporation, such as the insurance of the property of a lumber company organized under the laws of Florida and doing business in that State."

Finally, attention is called to People *ex rel.* Dives Pelican Company *v.* Feitner.[1] In this case a corporation organized under the laws of the State of Colorado had its principal place of business in the State of New York and had an office in the City of New York. The New York office was maintained for the sole purpose of enabling the directors of the corporation to meet in it and declare dividends on its stock. No goods of the corporation were sent to or sold in New York. It had no bills receivable in New York, and the only assets which it had in that State were office furniture and money on hand and in bank which had been sent from its principal office to its New York office for the purpose of paying dividends. It was held that the corporation was not doing business in the State of New York within the meaning of the statute.

§ 130. **Penalty for transacting Business in a Foreign State without obtaining a Permit.** — The statutes of the various States differ materially with respect to the penalty that attaches to the transaction of business by a foreign corporation without having first complied with the statute relative to obtaining a permit to transact the same. The form of penalty prescribed usually takes one of five forms, to wit:

(1) Suspending the right to maintain suits in the courts of the foreign State until the statute has been complied with. (2) Statutes absolutely prohibiting the right to bring suit on contracts entered into in the foreign State before the obtaining of a permit to do business therein. (3) Statutes providing that all contracts made by a foreign corporation before obtaining a permit to do business in a foreign State shall be absolutely void. (4) Statutes providing penalties in certain designated amount for failure to

[1] 77 N. Y. Ap. Div. 189.

obtain a permit in a foreign State before transacting business therein. (5) Statutes merely giving the right to the State to bring proceedings to oust or exclude foreign corporations from doing business within the foreign State without having first obtained a permit so to do. Each of the foregoing will now be taken up briefly for separate consideration.

(1) *Suspending the right to maintain suits in the courts of the foreign State until the statute has been complied with.* Such statutes do not affect the validity of contracts previously made in the foreign State by a foreign corporation, but merely prevent it from enforcing the same therein until it has obtained a permit to do business in such State.[1]

(2) *Statutes absolutely prohibiting the right to bring suit on contracts entered into in the foreign State before the obtaining of a permit to do business therein.* Such statutes exist in New York and read as follows:

"No foreign corporation now doing business in this State shall do business herein after December 31st, 1892, without having procured such certificate from the Secretary of State; but any contract previously made by the corporation may be permitted and enforced within the State subsequent to such date. No foreign stock corporation doing business in this State shall maintain any action in this State upon any contract made by it in this State unless prior to the making of such contract it shall have procured a certificate."

In interpreting this provision of the statutes the Supreme Court, in Dunbarton Flax Spinning Co. *v.* Greenwich and Johnsonville Railway Company,[2] spoke as follows:

"Unless prohibited by law, a foreign corporation, duly organized, can come into this State and exercise the legitimate powers conferred upon it and carry on any business not prohibited by our laws or against public policy. The State has the power, however, to compel compliance with its laws or to punish the corporation if it does not do so. And the legislature can deny to such corporation failing to comply with its laws by procuring a certificate and paying the license fee, all recourse to its courts to enforce its rights or to redress its wrongs. These statutes are, however, mere revenue regulations,

[1] Goddard *v.* Crefields Mills, 75 Fed. 818; 21 C. C. A. 530; Davis Provision Co. *v.* Fowler Bros., 163 N. Y. 580; 57 N. E. 1108.

[2] 87 Ap. Div.(N. Y.) 21.

compliance with which is made necessary in order to acquire the right to do business here and to enforce causes of action in our courts.

"In Lancaster *v.* A. I. Co.[1] it is said to be the policy of the State to encourage foreign corporations to enter its boundaries for the transaction of lawful business, and it is manifestly for the interest of the State that foreign capital should be actively employed within its borders."

(3) *Statutes providing that all contracts made by a foreign corporation before obtaining a permit to do business in a foreign State shall be absolutely void.* To have the effect stated above the statute must in express terms declare that contracts made by corporations which have not complied with the statute relative to obtaining a permit to do business within a foreign State, shall be absolutely void. Where such is the case, it is entirely clear that no action can be maintained by the corporation thereon in such foreign State.[2] Such statutes, however, have no extra-territorial effect.

In an Illinois case[3] the court spoke as follows:

"To permit the company, when they admit that they have disregarded all these requirements, to recover, would be for the courts to disregard the clearly expressed will of the general assembly, and to say what it has said shall be unlawful is and shall be lawful and binding. To enforce the payment of this note would be, virtually, to repeal a plain enactment of the legislature. When the legislature prohibits an act, or declares that it shall be unlawful to perform it, every rule of interpretation must say that the legislature intended to interpose its power to prevent the act, and, as one of the means of its prevention, that the court shall hold it void. This is as manifest as if the statute had declared that it should be void. To hold otherwise would be to give the person, or corporation, or individual the same rights in enforcing prohibited contracts as the good citizen who respects and conforms to the law. To permit such contracts to be enforced, if not offering a premium to violate law, certainly withdraws a large portion of the fear that deters men from defying the law. To do so places the person who violates the law on an equal footing with those who strictly observe its requirements. That this contract is absolutely void, as to appellee, we entertain no doubt."[4]

[1] 140 N. Y. 576, 591; 35 N. E. 964.

[2] Bank of Louisville *v.* Young, 37 Mo. 398.

[3] C. M. H. A. Co. *v.* Rosenthal, 55 Ill. 85.

[4] See also McCanna & Fraser Co. *v.* Company, 74 Fed. 597.

(4) *Statutes providing penalties in certain designated amounts for failure to obtain a permit in a foreign State before transacting business therein.* In this connection two opposing lines of authority are to be met with, one holding that where a penalty is imposed, this is exclusive, but does not render the contract made by the foreign corporation, out of which the imposition of the penalty arose, invalid.[1] The other, and what appears to us the better, view is that although a specific penalty is provided, this in itself operates to render the contract, out of which the imposition of the penalty arose, illegal and unenforceable in the courts of such foreign State.[2]

(5) *Statutes merely giving the right to the State to bring proceedings to oust or exclude foreign corporations from doing business within the foreign State without having first obtained a permit so to do.* Unless some other remedy is prescribed by statute, the proper remedy, in case foreign corporations engage unlawfully in business in a foreign State, is for the State to bring *quo warranto* proceedings to oust or exclude such foreign corporation from doing business within the foreign jurisdiction.[3] In such proceedings the courts have the right to review, if they see fit, the action of the Secretary of State in issuing a permit to such foreign corporation to do business within the State.[4]

§ 131. **License Tax on Foreign Corporations.** — There is a clear distinction to be observed of course between the creation of a corporation under State authority and the licensing of a corporation already existing, to do business within the jurisdiction of such State.[5] Sometimes the statute provides that after foreign corporations have complied with certain formalities relative to obtaining a permit to do business within a foreign State, they shall thereby *ipso facto* become domestic corporations. Under such a statute it has been held that they thereby become for all purposes, except for such matters as pertain to federal affairs, domestic corporations and not mere licensed corporations.[6] It

[1] Clarke *v.* Middleton, 19 Mo. 54; Garrett Ford Co. *v.* Company, 20 R. I. 189; J. C. M. T. Co. *v.* Willhoit, 84 Fed. 514.

[2] Dudley *v.* Collier, 87 Ala. 431; 16 So. 304; C. M. H. A. Co. *v.* Rosenthal, 55 Ill. 85; State *v.* Briggs, 116 Ind. 55; 18 N. E. 395; Buxton *v.* Hamblen, 32 Me. 448; Stewart *v.* Company, 38 N. J. Law, 436.

[3] State *v.* Company, 47 O. St. 167; 24 N. E. 392; State *v.* Company, 91 Iowa, 517; 60 N. W. 121; State *v.* Company, 39 Minn. 538; 41 N. W. 108.

[4] State *v.* Company, 49 O. St. 440; 31 N. E. 658; State *v.* Company, 91 Iowa, 517; 60 N. W. 121.

[5] C. B. & Q. Ry. Co. *v.* Harris, 12 Wall. U. S. 65.

[6] Debnam *v.* Company, 126 N. C. 831; 36 S. E. 269.

has been repeatedly held by the United States Supreme Court that State legislatures may impose license taxes to any amount upon foreign corporations as a condition to the granting of the right of such foreign corporations to transact business in a foreign State.[1]

In addition to the payment of a tax, there are a number of other requirements in force in the various States differing one from the other, such, for example, as requiring the filing of a copy of the articles of incorporation, appointing an agent within the State to accept and receive service of process, etc. Such requirements if reasonable are valid.[2]

The State may, if it choose, tax without restriction as to amount or entirely prohibit a foreign corporation from doing business within the State, provided, however, it is not engaged in interstate commerce or is in the employ of the general government.[3] Some States, such for example as Ohio, New Jersey, and Nevada, adopt what are known as retaliatory statutes. The purpose of such statutes is to place foreign corporations which do business in foreign States under the same regulations as are imposed by the domiciliary State upon foreign corporations seeking to do business within such State.[4]

The power of a State to exclude foreign corporations from transacting business within its borders cannot be questioned, neither can its motives in so doing.[5]

Thirty-three of the States have imposed the payment of license taxes upon foreign corporations desiring to do business within the foreign State.

§ 132. **Annual License Tax on Foreign Corporations.** — The right of a State to impose an annual license tax on foreign corporations transacting business within its borders is unequivocally established by the decision of the Supreme Court of the United States

[1] Paul *v.* Virginia, 8 Wall. 168; P. C. S. M. & N. Co. *v.* Pennsylvania, 125 U. S. 181; Liverpool Ins. Co. *v.* Massachusetts, 10 Wall. 576; Pembina Min. Co. *v.* Pennsylvania, 125 U. S. 184.

[2] Huffman *v.* Company, 13 Tex. Civ. Ap. 169; 36 S. W. 306; E. & S. A. M. & I. Co. *v.* Hardy, 93 Texas, 289; 55 S. W. 169; Utley *v.* Company, 4 Col. 369; Green *v.* Association, 105 Iowa, 628; 15 N. W. 935; Hammer *v* Company, 130 U. S. 291.

[3] Horn Silver Mining Co. *v.* N. Y., 143 U. S. 305; Pierce *v.* People, 106 Ill. 11; State *v.* Phipps, 50 Kan. 609; 31 Pac. 1097.

[4] State *v.* Reinmund, 45 O. St. 214; 13 N. E. 30; Miles *v.* Woodward, 115 Cal. 308; 46 Pac. 1076; State *v.* Company, 39 Minn. 538; 41 N. W. 108.

[5] Doyle *v.* Company, 94 U. S. 535; Hartford Fire Ins. Co. *v.* Raymond, 70 Mich. 485; 38 N. W. 474.

in Horn Silver Mining Co. *v.* State of New York.[1] Upon the subject just referred to, that court spoke as follows:

"The right and privilege, or the franchise, as it may be termed, of being a corporation, is of great value to its members, and is considered as property, separate and distinct from the property which the corporation itself may acquire. According to the law of most States this franchise or privilege of being a corporation is deemed personal property and is subject to separate taxation. The right of the States to thus tax it has been recognized by this court and the State courts in instances without number. It was said, in Delaware Railroad Tax,[2] that 'the State may impose taxes upon the corporation as an entity existing under its laws, as well as upon the capital stock of the corporation or its separate corporate property. And the manner in which its value shall be assessed, and the rate of taxation, however arbitrary or capricious, are mere matters of legislative discretion,' except, we may add, as that discretion is controlled by the Organic Law of the State. And, as we there said also, 'it is not for us to suggest in any case that a more equitable mode of assessment or rate of taxation might be adopted than the one prescribed by the Legislature of the State; our only concern is with the validity of the tax; all else lies beyond the domain of our jurisdiction.'

"The granting of the rights and privileges which constitute the franchises of a corporation being a matter resting entirely within the control of the legislature, to be exercised in its good pleasure, it may be accompanied with any such conditions as the legislature may deem most suitable to the public interests and policy. It may impose as a condition of the grant, as well as, also, of its continued exercise, the payment of a specific sum to the State each year, or a portion of the profits or gross receipts of the corporation, and may prescribe such mode in which the sum shall be ascertained as may be deemed convenient and just. There is no constitutional inhibition against the legislature adopting any mode to arrive at the sum which it will exact as a condition of the creation of the corporation or of its continued existence. There can be, therefore, no possible objection to the validity of the tax prescribed by the statute of New York, as far as it relates to its own corporations. Nor can there be any greater objection to a similar tax upon a foreign corporation doing business by its permission within the State. As to a foreign corporation — and all corporations in States other than the State of its creation are

[1] 143 U. S. 305.

[2] 85 U. S. (18 Wall.) 206.

deemed to be foreign corporations — it can claim a right to do business in another State to any extent, only subject to the conditions imposed by the laws.

"This doctrine has been so frequently declared by this court that it must be deemed no longer a matter of discussion, if any question can ever be considered at rest.

"Only two exceptions or qualifications have been attached to it in all the numerous adjudications in which the subject has been considered, since the judgment of this court was announced more than half a century ago in Bank of Agusta *v.* Earle.[1] One of these qualifications is that the State cannot exclude from its limits a corporation engaged in interstate or foreign commerce, established by the decision in Pensacola Teleg. Co. *v.* Western U. Teleg. Co.[2] The other limitation upon the power of the State is, where the corporation is in the employ of the general government, an obvious exception, first stated we think by the late Mr. Justice Bradley in Stockton *v.* Baltimore & N. Y. R. Co.[3] As that learned justice said, 'If Congress should employ a corporation of ship-builders to construct a man of war, they should have the right to purchase the necessary timber and iron in any State in the Union.' And this court, in citing this passage, added, 'without the permission and against the prohibition of the State.'[4]

"Having the absolute power of excluding the foreign corporation, the State may, of course, impose such conditions upon permitting the corporation to do business within its limits as it may judge expedient; and it may make the grant or privilege dependent upon the payment of a specific license tax, or a sum proportioned to the amount of its capital. No individual member of the corporation or the corporation itself can call in question the validity of any exaction which the State may require for the grant of its privileges. It does not lie in any foreign corporation to complain that it is subjected to the same law with the domestic corporation. The counsel for the appellant objects that the statute of New York is to be treated as a tax law, and not as a license to the corporation for permission to do business in the State. Conceding such to be the case, we do not perceive how it in any respect affects the validity of the tax. However it may be regarded, it is the condition upon which a foreign corporation can do business in the State, and in doing such business it puts itself under the law of the State, however that may be characterized."

[1] 13 Peters (U. S.), 519.
[2] 96 U. S. 1.
[3] 32 Fed. Rep. 9.
[4] Pembina Con. S. Min. & Mill. Co. *v.* Pennsylvania, 125 U. S. 181.

From the foregoing opinion it is clear that it is unquestionably within the power of the various State legislatures to impose an annual license tax upon foreign corporations transacting business within their limit. However, but few of the States have chosen thus far to exercise this power. Alabama, Colorado, Massachusetts. New York, Ohio, Oregon, Texas, Vermont, Virginia, Washington, and West Virginia are the only States which impose an annual license tax upon foreign corporations. In each of these States the tax is a graduated one, the amount thereof depending either upon the authorized capitalization of the corporation, or the amount of the capital stock represented by capital invested in the foreign State where such annual license tax is imposed.

§ 133. To what Extent is the Taxing Power of the State with Reference to Domestic and Foreign Corporations Engaged in Interstate Commerce Limited by the "Commerce Clause" of the Federal Constitution? — The question as to the extent of the legislative power of the various State legislatures with reference to taxing domestic and foreign corporations must always be arrived at by giving due consideration to the limitations imposed upon this power by the provisions of what is known as the "Interstate Commerce Clause of the Federal Constitution." [1]

Again, this question, in order to permit of intelligent consideration, must be viewed from four standpoints, to wit: (1) What effect, if any, has the Interstate Commerce Clause of the Federal Constitution upon the right of the several States to impose organization taxes upon corporations engaged in interstate commerce? (2) What effect, if any, has the Interstate Commerce Clause of the Federal Constitution upon the right of the several States to impose franchise taxes upon corporations engaged in interstate commerce? (3) What effect, if any, has the Interstate Commerce Clause of the Federal Constitution upon the right of the several States to impose license taxes upon corporations engaged in interstate commerce? (4) What effect, if any, has the Interstate Commerce Clause of the Federal Constitution upon the right of the several States to impose property taxes upon corporations engaged in interstate commerce? Each of these will now be taken up for separate consideration.

(1) What effect, if any, has the Interstate Commerce Clause of the Federal Constitution upon the right of the several States

[1] See Constitution of the United States, Art. I. sec. 8, clause 3.

to impose organization taxes upon corporations engaged in interstate commerce? The State is said to possess inherent power to tax its corporations. So the State has undoubted power to exact a bonus for the granting of a franchise, payable in advance or *in futuro*.[1] A round sum or an annual charge, with or without reference to capital stock, may be asked by the legislature for such a franchise.[2] In discussing the question of the right of a State to impose a fee, a license or a tax upon corporations, the Supreme Court of the United States in Ashley *v.* Ryan,[3] spoke as follows:

"At the time the articles were presented for filing, the statute law of the State charged the parties with notice that the benefits which it was sought to procure could not be obtained without payment of the tax for consolidation which the Secretary of State exacted. As it was within the discretion of the State to withhold or grant the privilege of exercising corporate existence, it was as a necessary resultant also within its power to impose whatever conditions it might deem fit as prerequisite to corporate life. The act of filing, constituting, as it did, a claim of a right to the franchise granted by the State law, carried with it a voluntary assumption of any burden with which the privilege was accompanied, and without which the right of corporate existence could not have been procured. Having thus accepted the act of grace of the State and taken the advantages which sprang from it, the corporation cannot be permitted to hold on to the privilege or right granted and at the same time repudiate the condition by the performance of which it could alone obtain the privilege which it sought. That the right to be a State corporation depends solely upon the grace of the State and is not a right inherent in the parties, is settled.

" . . . It follows from these principles that a State in granting a corporate privilege to its own citizens, or, what is equivalent thereto, in permitting a foreign corporation to become one of the constituent elements of a consolidated corporation organized under its laws, may impose such conditions as it deems proper, and that the acceptance of the franchise in either case implies a submission to the conditions without which the franchise could not have been obtained."

The right of the State to impose such taxes upon the organization of a corporation is in no wise affected by the Interstate Commerce Clause of the Federal Constitution; this, too, even when

[1] B. & O. R. R. Co. *v.* Maryland, 88 U. S. 456.

[2] Gordon *v.* Appeal Tax Court, 3 How. (U. S.) 134.

[3] 153 U. S. 436

the corporation is formed for the express purpose of engaging in interstate commerce. In the words of the United States Supreme Court, "the right and privilege of being a corporation is of great value to its members, as it is considered as property separate and distinct from the property which the corporation may acquire. According to the law of most States this franchise, or privilege of being a corporation, is deemed personal property and is subject to separate taxation. The right of the State to thus tax it has been recognized by this court and the State courts in instances without number." [1]

(2) What effect, if any, has the Interstate Commerce Clause of the Federal Constitution upon the right of the several States to impose franchise taxes upon corporations engaged in interstate commerce? Again, attention is here called to the decisions of the United States Supreme Court relative to the exercise of the power in question. "The granting of the rights and privileges," observes that tribunal, "which constitute the franchises of a corporation, being a matter resting entirely within the control of the legislature, to be exercised in its good pleasure, it may be accompanied with any such conditions as the legislature may deem most suitable to the public interests and policy. It may impose as a condition of the grant as well as also of its continued exercise, the payment of a specific sum to the State each year, or a portion of the profits or gross receipts of the corporation, and may prescribe such mode in which the sum shall be ascertained as may be deemed convenient and just. There is no constitutional inhibition against the legislature adopting any mode to arrive at the sum which it will exact as a condition of the creation of the corporation or of its continued existence. There can be, therefore, no possible objection to the validity of the tax prescribed by the statutes of any State so far as it relates to its own corporations, nor can there be any greater objection to a similar tax upon a foreign corporation doing business by its permission within the State. As to a foreign corporation, it can claim a right to do business in another State to any extent only subject to the conditions imposed by its statutes. Only two exceptions or qualifications have been attached to the foregoing, to wit: One is that the State cannot exclude from its limits a corporation en-

[1] Horn Silver Mining Co. *v.* New York, York, 134 U. S. 594; Delaware R. R. 143 U. S. 305; Home Ins. Co. *v.* New Tax, 85 U. S. 206.

gaged in interstate or foreign commerce. The other limitation is that where the corporation is in the employ of the government. Having the absolute power to exclude the foreign corporation, the State may of course impose such conditions upon permitting the corporation to do business within its limits as it may judge expedient; and it may make the grant or privilege dependent upon the payment of a specific license tax or a sum proportioned to the amount of its capital. No individual member of the corporation or the corporation itself can call in question the validity of any exaction which the State may require for the grant of its privileges. It does not lie in any foreign corporation to complain that it is subjected to the same law with the domestic corporation." [1]

In a certain sense the imposition of an organization tax is as much the levying of a franchise tax as the imposition by a State of annual taxes upon corporations in return for the right to exercise their corporate powers within the jurisdiction of the State. The one has been defined to be a "franchise to be," and the other as a "franchise to do." [2]

(3) What effect, if any, has the Interstate Commerce Clause of the Federal Constitution upon the right of the several States to impose license taxes upon corporations engaged in interstate commerce? Strictly speaking, the imposition of a franchise tax has reference only to domestic corporations, while license taxes, when applied to corporations, have reference not only to domestic corporations, but to foreign corporations as well. Foreign corporations, as such, can be taxed by foreign States only upon corporate property situated within such foreign State, or upon the business done there. They cannot be taxed in a foreign State on account of their corporate franchises, as that was not given by the laws of the foreign State but was dependent upon the laws of the State of its creation and had an existence separate therefrom. A corporation may, through its agents, extend its operations into other States, and thus, metaphorically speaking, go there; but it never really travels, and its franchises exist only at the place of its domicile and residence.[3]

[1] Horn Silver Mining Co. *v.* New York, 143 U. S. 305.

[2] Adams Express Co. *v.* Ohio, 166 U. S. 224; Home Insurance Co. *v.* New York, 134 U. S. 600; Reading R. R. *v.* Pennsylvania, 15 Wall. 296; State R. R. Tax Cases, 92 U. S. 603; California *v.* Company, 127 U. S. 1; Society for Savings *v.* Coite, 6 Wall. 606; Maine *v.* Ry. Co., 142 U. S. 227.

[3] People *v.* Equitable Trust Co., 96 N. Y. 387; Plimpton *v.* Bigelow, 93 N. Y. 592.

On the other hand, there is clear distinction between a license tax and a property tax. The former involves a charge for permission or authority to transact certain business, while the latter, when applied to corporations, is a contribution imposed upon and measured by the property of the corporation.[1]

The right to impose a license tax upon corporations is subject to the following limitation: If the tax is essentially a regulation of interstate commerce and its imposition does not constitute a proper exercise of the police power of the State, then it comes within the inhibition of the Interstate Commerce Clause of the Federal Constitution.[2]

Again, in Pembina Consolidated Silver Mining & Milling Co. *v.* Pennsylvania,[3] the United States Supreme Court spoke as follows:

"The exaction of a license fee to enable the corporation to have an office for the transaction of its business within a foreign State is clearly within the competency of the legislature of that State. The recognition of the foreign corporation's existence in a foreign State, even to the extent of allowing it to have an office within its limits for the use of its officers, agents, and employees, was a matter dependent upon the will of the State. It could make the grant of the privilege conditional upon payment of a license tax and fix the same according to the amount of the authorized capital of the corporation. The absolute power of exclusion includes the right of a conditional and restricted exercise of its corporate powers within the State. The equal protection of the laws which these bodies may claim is only such as is accorded to similar associations within the jurisdiction of the State. The plaintiff in error is not a corporation within the jurisdiction of Pennsylvania. The office it hires is within such jurisdiction, and on condition that it pays the required license tax it can claim the same protection in the use of the office that any other corporation having a similar office may claim. It would then have the equal protection of the law so far as it had anything within the jurisdiction of the State, and the constitutional amendment requires nothing more. The State is not prohibited from discriminating in the privileges it may grant to foreign corporations as a condition of their doing business or hiring offices within its limits, provided always such discrimination does not interfere with any transaction

[1] Cooley on Taxation, 2nd ed. pp. 383, 576; Welton *v.* Missouri, 91 U. S. 275; Emert *v.* Missouri, 156 U. S. 296.

[2] People *ex rel.* Pennsylvania R. R. *v.* Wemple, 138 N. Y. 1.

[3] 125 U. S. 181.

by such corporations of interstate or foreign commerce. It is not every corporation lawful in the State of its creation that other States may be willing to admit within their jurisdiction or consent that it have offices in them; such, for example, as a corporation for lotteries. And even where the business of a foreign corporation is not unlawful in other States the latter may wish to limit the number of such corporations or to subject their business to such control as would be in accordance with the policy governing domestic corporations of a similar character. The States may therefore require for the admission within their limits of the corporations of other States, or of any number of them, such conditions as they may choose, without acting in conflict with the concluding provision of the first section of the Fourteenth Amendment.

"The only limitation upon this power of the State to exclude a foreign corporation from doing business within its limits, or hiring offices for that purpose, or to exact conditions for allowing the corporation to do business or hire offices there, arises where the corporation is in the employ of the Federal Government, or where its business is strictly commerce, interstate or foreign. The control of such commerce, being in the Federal Government, is not to be restricted by State authority."

In Waters Pierce Oil Co. *v.* Texas[1] it was said that:

"Having no absolute right of recognition in other States, but depending for such recognition and enforcement of its contracts upon their assent, it follows, as a matter of course, that such assent may be granted upon such terms and conditions as those States may think proper to impose. They may exclude the foreign corporation entirely; they may restrict its business to particular localities, or they may exact such security for the performance of its contracts with their citizens as in their judgment will best promote the public interest. The whole matter rests in their discretion."

In Hooper *v.* California,[2] conditions imposed upon a foreign corporation were considered, and a statute was sustained, making it a misdemeanor for a person in California to procure insurance for a resident in that State from an insurance company not incorporated under its laws, and which had not filed a bond required by the law of the State. All preceding cases were cited, and it was assumed as settled "that the right of a foreign corporation to engage in business within a State other than that of its creation,

[1] 177 U. S. 28.

[2] 155 U. S. 648; 39 L. Ed. 297.

depends solely upon the will of such other State." And the exception to the rule was stated to be "only cases where a corporation created by one State rests its right to enter another and to engage in business therein upon the federal nature of its business."

A State may tax the franchise of a domestic corporation or impose a license tax upon a foreign corporation, but can only subject a corporation engaged in interstate commerce or in the employ of the general government to such property taxation as only incidentally affects its occupation, as all business, whether of individuals or corporations, is affected by common governmental burdens.[1]

The power to license is a police power, although it may be exercised for the purpose of raising revenue.[2] But the State in the exercise of the police power cannot impede interstate commerce by discriminating taxes.[3]

The question next arises as to what constitutes a proper exercise of the police power on the part of a State. A State may lawfully in the exercise of this power provide for security of lives, limbs, health, and comfort of persons and protection of property, or in regulation of highways, canals, railways, and other commercial facilities, passage of laws to regulate sale of articles deemed injurious to health or morals of community; imposition of taxes on persons residing within the State and upon occupations pursued therein, not directly connected with foreign or interstate commerce or with some other business exercised under authority of the United States and imposition of taxes upon all property within the State mingled with and forming part of the great mass of property therein.[4]

(4) What effect, if any, has the interstate commerce clause of the Federal Constitution upon the right of the several States to impose property taxes upon corporations engaged in interstate commerce?

[1] Postal Telegraph Co. *v.* Adams, 155 U. S. 696.

[2] Wiggins Co. *v.* East St. Louis, 107 U. S. 374.

[3] Austin *v.* Tennessee, 179 U. S. 344; License Cases, 5 How. (U. S.) 592.

[4] Robbins *v.* Shelby Co. Tax District, 120 U. S. 493. See also Liverpool Ins. Co. *v.* Massachusetts, 10 Wall. (U. S.) 576; Philadelphia, etc. Ass'n *v.* New York, 119 U. S. 119; Horn Silver Mining Co. *v.* New York, 143 U. S. 305; Postal, etc. Cable Co. *v.* Charleston, 153 U. S. 693; Martin *v.* R. R., 151 U. S. 677; Hooper *v.* California, 155 U. S. 652; Bonman *v.* Railway, 125 U. S. 491; Smith *v.* Alabama, 124 U. S. 474.

A State may tax corporations for their privileges within the State in lieu of all other taxes, provided the amount is made dependent on the value of its property within the State and payment is not a condition precedent to the right to carry on its business. The tax then becomes a mere property tax and not an interference with interstate commerce.[1]

The existence of federal supervision over interstate commerce is not inconsistent with the power of the State to control its internal commerce and to tax franchises, property, or business of domestic corporations engaged in such commerce, nor with power to tax foreign corporations on property within the State.[2] In this connection it has been well said that

"commerce between the States consists of intercourse and traffic between their citizens and includes the transportation of persons and property, and the navigation of public waters for that purpose as well as the purchase, sale, and exchange of commodities. It makes no difference whether such commerce is carried on by individuals or by corporations. It is true that the property of corporations engaged in foreign or interstate commerce, as well as the property of corporations engaged in other business, is subject to State taxation, provided always it is within the jurisdiction of the State. Where there is jurisdiction on the part of the State neither as to persons nor property, the imposition of a tax is unconstitutional and void. If the legislature of a State enacted that the citizens of another State or country should be taxed in the same manner as the persons within its own limits, and subject to its authority or in any other manner whatsoever, such a law would be as much a nullity as if in conflict with the most explicit constitutional inhibition. Jurisdiction is as necessary to valid legislative as to valid judicial action. It has been repeatedly decided, and is settled law, that a tax upon the capital stock of a corporation is a tax upon its property and assets; that it is undoubtedly competent for the legislature to lay a franchise or license tax upon foreign corporations for the privilege of doing business within the State, but that such a tax is in no sense a license tax. It is a fundamental principle that in order to tax the corporation it must have a domicile within the State; that when it is sought to tax capital stock of a corporation, the law imposing such a tax must be construed to mean so much of the capital stock as is measured by the property actually brought within the State by the corporation in the transaction of its business. To the States must be conceded power

[1] Postal Tel. Co. *v.* Adams, 155 U. S. 696.

[2] Erie R. R. *v.* Pennsylvania, 158 U. S. 437.

to exclude foreign corporations altogether from its borders or to impose a license tax so heavy as to amount to the same thing. They must be denied the power to tax either persons or property not within their jurisdiction." [1]

[1] Gloucester Ferry Co. *v.* Pennsylvania, 114 U. S. 196. See also Philadelphia, etc. Steamship Co. *v.* Pennsylvania, 122 U. S. 345; Norfolk, etc. R. R. *v.* Pennsylvania, 136 U. S. 120; Ashley *v.* Ryan, 153 U. S. 446; Erie R. R. *v.* Pennsylvania 158 U. S. 437; New York State *v.* Roberts, 171 U. S. 665.

PART II.

SYNOPSIS–DIGEST OF THE INCORPORATION ACTS OF THE SEVERAL STATES AND TERRITORIES OF THE UNITED STATES.

(*Revised to January 1st*, 1908.)

ALABAMA.

The references are to the Session Laws of 1903, Act 395, pp. 310–341, where not otherwise stated.

1. **Statute under which Business Corporations may incorporate.** — Business corporations are organized under the Act of October 2, 1903, found in the Alabama Session Laws of 1903, Act 395. Under it corporations may be organized "for any lawful business or businesses of any kind or nature whatsoever." (See also earlier corporation acts as follows: Code of 1896, chap. 28, secs. 1085–1324, as amended by Laws of 1903, pp. 75, 127.)

2. **Incorporators.** — Three or more. There are no residential requirements (Session Laws of 1903, chap. 395, sec. 1).

3. **Contents of the Certificate of Incorporation.** — The certificate must contain:

a. Name. — Similarity of names is forbidden. If the name of a person or partnership be assumed, it must be followed by the addition of some word designating the nature of at least one of the businesses to be carried on, followed by the word "Company" or "Corporation."

b. Purposes. — The objects for which the corporation is to be formed. Corporations may be formed under the General Act for any purpose whatever, and for as many purposes as desired. The only limitation is that banking and trust company powers cannot be exercised by corporations formed for any other purpose.

G. L. & H. Ins. Co. *v.* Kamper, 73 Ala. 325; Beggs *v.* Company, 96 Ala. 295.

c. Domiciliary Office. — Location of principal office in the State.

d. Capital Stock. — The amount of total authorized capital stock not to be less than $2,000. There is no maximum limit. The number of shares into which it is divided, also amount of capital stock with which it will commence business, not to be less than twenty-five per cent of the authorized capital, in no case less than $1,000. If there be more than one class of stock, the certificate must contain a description of the different classes of stock, with the terms on which each class is created.

Nelson *v.* Hubbard, 96 Ala. 238.

e. Subscription Agent. — The name and post-office address of the officer or agent designated by the incorporators to receive subscriptions to the capital stock.

f. Incorporators, Directors, and Officers. — Names and addresses of the incorporators, together with the number of shares subscribed for by each, this representing the amount of capital stock with which the corporation will begin business. In addition, the incorporators' names, and names and addresses of the directors and officers for the first year must be given. (See *ante*, sec. 2, and *post*, sec. 12.)

g. Corporate Existence. — Duration of corporate existence, which may be perpetual if desired.

h. Corporate Rules and Regulations. — Provisions desired for the regulation of the business and for the conduct of the affairs of the corporation, creating and defining the powers of the corporation, the directors and stockholders or any class or classes of stockholders (Id. sec. 2).

NOTE. — Additional statements are required for railway transportation, canal, telegraph, telephone, and public utility corporations (Id. sec. 2, sub. h, i).

4. **Statutory Powers.** — The statute gives to corporations organizing under the General Act the following powers, which being such as existed at common law without any statutory enumeration thereof may be termed "common law powers." They are as follows: (1) The power of succession; (2) to sue and be sued; (3) to make, use, and alter the corporate seal; (4) to adopt by-laws; (5) to purchase and hold real property for the purposes of the organization; (6) to receive and grant by the corporate name; (7) to appoint officers and agents; (8) to borrow money; (9) to issue negotiable paper; (10) to mortgage the corporate property (Id. sec. 72).

Falconer *v.* Campbell, 2 McLean, 195.

In addition to the foregoing statutory enumeration of the common law powers of corporations, the following additional powers are conferred: To hold stockholders' and directors' meetings without the State, provided certain preliminary formalities are observed; to carry on corporate business in other States and foreign countries; to subscribe for, purchase, and hold stock and bonds of other corporations (Id. sec. 7); under certain conditions to operate railroads (Id. sec. 14); to issue bonds and mortgages or create indebtedness without limit with the consent of a majority of the stockholders first obtained (Id. sec. 7); to accept real and personal property in payment of capital stock; to create liens upon the stock of members for debts due the corporation (Id. sec. 7, sub. c). Corporations other than railway, telegraph and telephone, banking, insurance, and trust companies may consolidate with other corporations (Id. sec. 7, sub. j and k, secs. 39–42; see also Laws of 1903, chap. 117). Certain corporations doing a business of a quasi-public nature, but organized under the General Act, may exercise the power of eminent domain (Id. secs. 8 and 9).

Railway, mining, manufacturing, and quarrying corporations may construct, acquire, and operate steamboats, barges, ships for transportation of freight and passengers (Id. sec. 10). They may also subscribe for or aid any other corporation in the construction of a railroad, etc. (sec. 12).

Mining, manufacturing, and quarrying corporations may construct and operate to and from their plants, railways, tramways, canals, tunnels, and roads, and, as common carriers, transport freight and passengers thereon (Id. sec. 14).

Only corporations formed for the transaction of a banking or trust company business can engage in banking within the State (Id. sec. 22).

Corporations also have power to issue preferred stock; to authorize voting by proxy at stockholders' meeting; to forfeit stock for non-payment of assessments (Id. secs. 2, 37, 38; see also Session Laws of 1903, chap. 68; also Id. chap. 111).

Chemacla Lime Works *v.* Dismukes, 87 Ala. 344; Westinghouse Machine Co. *v.* Wilkinson, 79 Ala. 312; Simmons *v.* Troy Iron Works, 92 Ala. 427; Nelson *v.* Hubbard, 96 Ala. 238; A. I. & I. Co. *v.* McKeever, 112 Ala. 134; London *v.* Sample Lumber Co., 91 Ala. 606; Perry *v.* Company, 93 Ala. 364.

5. **Procuring the Charter.** — The certificate must be signed by all the subscribers to the capital stock named therein. The statute does not expressly require that the certificate be acknowledged by the subscribers. The certificate must then be filed and recorded in the office of the probate judge of the county where the corporation will have its principal place of business. After it has been recorded the probate judge endorses thereon a certificate of registration. Within ten days after the filing of the certificate in the office of the probate judge, the corporation must cause to be filed in the office of the Secretary of State a statement signed by said probate judge, giving the name of the corporation, the names of its incorporators, the date of the incorporation, the amount of the capital stock, and the name of the county in which located. The certificate must have attached to it a statement under oath by the person authorized by the incorporators to receive subscriptions to the capital stock, which shall show the amount of capital stock which has been paid in and the amount of stock secured by contracts for stipulated labor or services or transfer of property, which amount shall be at least twenty per cent of the stock subscribed for, and in no case less than $1,000. At the time the certificate is filed with the judge of probate the incorporators must pay the organization tax to the judge of probate (Id. secs. 3, 4, 5, and 6). A copy of the subscription list must be also attached to the certificate.

Corporate existence commences as soon as the articles are filed and recorded in the office of the probate judge of the county where the domiciliary office is located and the organization tax and filing fees paid.

O. W. Co. *v.* Bliss, 132 Ala. 253; 31 Sou. 81; M. & O. Ry. Co. *v.* P. T. C. Co., 120 Ala. 21; 24 Sou. 408; N. C. Bank *v.* McDonnell, 92 Ala. 387; 9 Sou. 149; Harris *v.* G. L. Co., 128 Ala. 652; 29 Sou. 611; Bolling & Son *v.* Le Grand, 87 Ala. 482; 6 Sou. 332; Bebb *v.* Hall & Farley, 101 Ala. 79; 14 Sou. 98; C. & C. Co. *v.* Lumber Co., 121 Ala. 340; 25 Sou. 566; Savage *v.* Company, 84 Ala. 103; 4 Sou. 235; Sparks *v.* Company, 87 Ala. 294; 6 Sou. 195; Cen. Ry. of Ga. *v.* Company, 144 Ala. 639.

6. **Corporate Indebtedness.** — There is no statutory limit upon the amount of indebtedness that may be contracted by a business corporation. To create a bonded indebtedness or increase the same, or to mortgage the real property of the corporation, the vote of the larger amount of stock present and voting at a meeting duly called for that purpose must be had (Id. sec. 7, sub. c; sec. 46).

Under the Constitution (Art. XIV. sec. 6) corporations cannot issue bonds except for money, labor done, or money or property actually received, and all fictitious increase of indebtedness shall be void.

Nelson *v.* Hubbard, 96 Ala. 238; 11 Sou. 428; Dexter *v.* McClellan, 116 Ala. 37; 22 Sou. 461.

7. **Organization Tax.** — On capitalization not exceeding $50,000, $25; when it exceeds $50,000, and does not exceed $100,000, $50; when it exceeds $100,000, a fee of $50 on the first $100,000, and $25 on each additional $100,000 or fractional part thereof (Id. sec. 5).

8. **Filing and Recording Fees.** — To the probate judge for recording certificate of incorporation, 15 cents for each one hundred words; for examining the certificate, $2.50; for issuing statement of incorporation, $1. To the Secretary of State for filing in his office the statement of incorporation issued by the probate judge, 50 cents; for copies of papers filed with him, 15 cents per hundred words; for any certificate and annexation of seal thereto, $1 (Id. secs. 4 and 6; see also Civil Code of 1896, secs. 1285 and 1977).

9. **Commencing Business.** — Twenty-five per cent of the authorized capital stock of a corporation must be subscribed in good faith, payable in money before the commencement of corporate existence, but subscribers may have the privilege of discharging the same in services, labor, or property at the reasonable value for such services, labor or property. Twenty per cent of all subscriptions for stock must be actually paid in, and said amount must never be less in the aggregate than $1,000 (Id. secs. 2 and 4; see also Laws of 1903, chap. 110). Business must be commenced within five years from the date that the charter issues (Id. sec. 37. See Law of 1903, Act 110, p. 127).

10. **Organization Meetings.** — A preliminary organization is effected by the incorporators meeting within the State (by proxy, if desired) and authorizing some person to receive subscriptions to the capital stock of the proposed corporation. After the charter is secured from the State by the compliance with the necessary formalities prescribed by statute (as stated above), the incorporators, who, under the statute, must likewise be subscribers to the capital stock, should sign a written consent to the holding of an organization meeting, fixing the time and place for holding the same. The incorporators should then organize by adopting by-laws and by the transaction of other routine organization business. There is no statutory time prescribed within which this organization meeting must be held, the law simply providing that non-user of corporate franchise for a period of five consecutive years is a forfeiture of such franchise. Immediately after the adjournment of the organization meeting of the incorporators and stockholders, a meeting of the board of directors should be called for the purpose of electing a president, secretary, and treasurer, and such other officers as the by-laws may prescribe.

11. **Meetings, Stockholders' and Directors'.** — In the absence of the written consent of all resident stockholders, stockholders' meetings must be held within the State, but such meetings may be held without the State upon the written consent of such resident stockholders. All corporations holding their stockholders' meetings without the State must give the name and residence within the State of the agent in charge of their principal office within the State, to be signed by the president or secretary of the corporation under the corporate seal. The certificate should then be filed in the office of the Secretary of State and in the office of the probate judge of the county in which it has its principal office. A copy of all proceedings had at stockholders' and directors' meetings held without the State must be deposited with such agent. Written consent of the stockholders residing within the State, for stockholders' meetings to be held without the State when filed in the office of the Secretary of State, shall remain in force until revoked. Directors' meetings may be held within or without the State as the by-laws may provide (Id. sec. 7. As to notice of meetings, see sec. 38).

Brockway *v.* G. M. L. Co., 102 Ala. 620; 15 Sou. 431.

12. **Directors' Qualifications and Liabilities.** — (*a*) *Qualifications.* There must be at least three directors, who shall be stockholders and hold office for one year or until their successors are elected. There are no residential requirements (Id. sec. 36).

(*b*) *Liabilities.* Directors are liable for actual fraud (Cr. Code, sec. 4776. See Wilson *v.* Stevens, 129 Ala. 630).

Smith *v.* P. R. Co., 30 Ala. 650; Fitzpatrick *v.* D. P. Co., 83 Ala. 604; 2 Sou. 727.

13. **Stockholders' Liabilities.** — Stockholders are liable for the debts of the corporation only on the unpaid stock owned by them. The corporation may, by the adoption of a proper by-law, place a lien upon the shares of its stockholders for any debt or liability they may incur to the company (Id. sec. 27; Cons., Art. XLV. sec. 8).

Lea *v.* Company, 119 Ala. 271; 24 Sou. 28; Nicrosi *v.* Company, 115 Ala. 429; 22 Sou. 147.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate signed by the president and secretary or treasurer. The par value may be any amount (Id. sec. 28; see *ante*, sec. 2, sub. d).

15. **Preferred Stock.** — Preferred stock is expressly authorized under the new act (sec. 43). If provided for in the original certificate of incorporation, the terms on which it is issued must be therein stated. If subsequent to incorporation it is desired to issue preferred stock, this may be done by the vote of the holders of two-thirds in value of the capital stock outstanding at a meeting called for that purpose. The proceedings of this meeting must be certified to the Secretary of State and filed and recorded in his office. After this has been done, preferred stock, not to exceed two-thirds of the capital stock paid in in cash or property may be issued. Each stockholder shall be first entitled to the privilege of taking such preferred stock in proportion to the amount of common stock held by him, or a less amount should he desire, before the preferred stock is offered for sale to the public (Id. sec. 43; Cons., Art. XLV. sec. 9).

16. **Payment of Capital Stock.** — Under the Constitution corporations can only issue stock for money, labor done, or money or property actually received. All fictitious increase of stock is void (Cons., Art. XIV. sec. 6).

All subscriptions to capital stock must be paid in cash, except that, if so provided in the contract of subscription, such subscriptions may be discharged by the rendition of stipulated necessary services, or the performance of stipulated necessary labor, or the transfer of property at the reasonable value thereof. In such cases the subscription list shall state the names of such subscribers, with the nature of the services or labor to be performed and a brief description of the property and when it is to be transferred to the company (Id. sec. 26).

Bibb *v.* Hall, 101 Ala. 79; 14 Sou. 98; Haas *v.* Hall, 111 Ala. 442; 20 Sou. 78; Paschall *v.* Whitsett, 11 Ala. 472; Spence *v.* Shapard, 57 Ala. 598; Knox *v.* C. L. Co., 86 Ala. 180; 5 Sou. 578; Fitzpatrick *v.* P. Co., 83 Ala. 604; 2 Sou. 727; Williams *v.* Evans, 87 Ala. 725; 6 Sou. 702; Parsons *v.* Joseph, 92 Ala. 403; 8 Sou. 788; Beitman *v.* Steiner, 98 Ala. 241; 13 Sou. 87; Perry *v.* Mill Co., 93 Ala. 364; 9 Sou. 217; L. L. Co. *v.* Rees, 103 Ala. 622; 16 Sou. 637; Powers *v.* Dimmick, 115 Ala. 233; 22 Sou. 109; Elyton Co. *v.* Company, 92 Ala. 407; 9 Sou. 129; Nicrosi *v.* Drove, 102 Ala. 648; 15 Sou. 429.

17. **Books.** — It is contemplated by the statute that the books, records, and papers of the corporation shall be kept at the principal office within the State unless the by-laws otherwise provide. The statute gives to all stockholders the right of access to, and inspection and examination of such books,

records, and papers at reasonable and proper times (Id. sec. 35). It is specially provided that a stock register shall be kept with an agent in the State, showing list of stockholders, transfers, and hypothecations (Id. sec. 32).

18. **Office and Agent.** — Every corporation must have an office within the State, and an agent in charge thereof upon whom process may be served (Id. sec. 2; Cons., Art. XLV. sec. 4).

19. **Reports.** — No annual reports are required. (See, however, Acts of 1907, pp. 461–463).

20. **Anti-Trust Statute.** — The State has an anti-trust statute, modelled closely after the New York Act (Cons., 1902, Art. IV. sec. 74; Code 1896, secs. 5557–5559).

Beitman *v.* Steiner, 98 Ala. 241; 13 Sou. 87.

21. **Statutory Ground for Forfeiture of Charter.** — Non-user for a period of five consecutive years is ground for forfeiture of the charter upon proper action taken by the State (Id. sec. 37). Also non-payment of license tax.

State *v.* Bank, 2 Stew. 30; Curry *v.* Woodward, 53 Ala. 371; M. & O. R. R. Co. *v.* State, 29 Ala. 573; I. & E. Co. *v.* Locke, 50 Ala. 332; State *v.* R. R. Co., 108 Ala. 29; 18 Sou. 801.

22. **Amendments.** — If through misunderstanding or inadvertence occurring at the time of incorporation, the corporation has failed to comply with any of the requirements of the act, the president or other executive head of the corporation may supply such omission or defect by filing in the office of the judge of the probate court in the county in which the corporation was organized a statement in writing, under oath, setting forth the omission or error and supplying or correcting the same (Id. sec. 45).

In regard to material amendments desired after incorporation, the following may be said. Under chap. 106, Laws of 1903, amending sec. 1283 of the Code of Alabama of 1896 (passed March 28, 1903), it is provided that corporations may alter, amend, or extend their charters by filing in the same manner as is provided in the case of original certificates of incorporation a declaration in writing signed by not less than three-fourths in number of stockholders holding not less than two-thirds of the entire outstanding capital stock (or by their attorneys in fact duly authorized), verified both as to the truth of the statements therein contained and as to the genuineness of the signatures thereto by affidavit. Such declaration to contain: (1) Date of approval of the original certificate of incorporation; date of filing of any previous amendments thereto; original name, and changes therein, if any, what change of name is desired, if any, and a statement of the amount of capital stock that has been subscribed for or taken. (2) The names of stockholders signing the statement and amount of stock held by each. (3) The purposes of the corporation and nature of the business to be transacted as set forth in the original declaration, and any amendments thereto, and the particular amendments desired. (4) Amount of capital stock as shown by the original certificate of incorporation or subsequent amendments thereto (Laws of 1903, Act No. 112, p. 129).

The foregoing provisions of law do not seem to have been expressly repealed by the general incorporation act passed in October of the same year by the same legislative body. Under the new act amendments may be had in the following manner:

To increase or decrease the number of directors the consent of the persons holding the larger amount in value of the capital stock, expressed by a vote

cast at a regular meeting or at a special meeting called for that purpose, is necessary. The capital stock or bonded indebtedness may be increased by the consent of the persons holding the larger amount in value of the capital stock obtained in favor thereof, at a regular meeting of the stockholders or a special meeting thereof called for that purpose on thirty days' notice, the notice of the meeting in either case to state what increase is proposed to be made. If at such meeting the consent of the holders of the larger amount in value of the capital stock shall be given to a specified increase of the capital stock or bonded indebtedness, a report thereof, certified by the president or secretary of the corporation under the corporate seal, must be filed and recorded in the office of the judge of probate of the county in which the corporation was organized. A like proceeding is necessary in order to decrease the capital stock, special provision being made as to the manner in which such decrease shall be effected (Laws of 1903, chap. 395, sec. 46. See sec. 6; Cons., Art. XIV. sec. 6, in case of increase of stock).

To change the corporate name, par value of shares, location of principal office in the State, to renew or extend the corporate existence, or to make any other amendments desired, the following course of procedure must be followed. The board of directors shall first pass a resolution declaring that such changes or alterations are desired, and call a meeting of the stockholders to take action thereon. If the holders of the larger amount in value of each class of stockholders having voting powers shall vote in favor thereof, a certificate thereof shall be signed by the president and secretary under the corporate seal, duly acknowledged, and such certificate, together with the written assent signed in person or by proxy, of the stockholders holding a majority in value of each of such classes of stock, shall be filed in the office of the judge of probate of the county where the corporation has its principal place of business. Thereupon the amendment shall be deemed to be effected (Laws of 1903, chap. 395, sec. 47).

State *ex rel.* Perkins *v.* Montgomery Co., 102 Ala. 534; 15 Sou. 347.

23. **Renewal of Corporate Existence.** — May be renewed for an additional period of twenty years by compliance with the statute in such case made and provided (sec. 7, sub. n; sec. 47. See also Laws of 1903, chap. 105, p. 115, chap. 106, p. 116).

24. **Annual Privilege Tax.** — When paid up capital is under $10,000, $10; when it exceeds $10,000 and does not exceed $25,000, $15; when it exceeds $25,000 and does not exceed $50,000, $25; when it exceeds $50,000 and is not over $100,000, $50; when it exceeds $100,000 and does not exceed $200,000, $75; when it exceeds $200,000 and does not exceed $300,000, $125; when it exceeds $300,000 and does not exceed $400,000, $170; when it exceeds $400,000 and does not exceed $500,000, $200; when it exceeds $500,000 and does not exceed $1,000,000, $300; when it exceeds $1,000,000, $500 (Code, sec. 4122, as amended by Laws of 1901, Act No. 1151). Tax becomes due October 1st.

25. **Dissolution.** — Dissolution may be effected by an agreement of all stockholders signed and acknowledged, filed and recorded with the probate judge of the county of organization, and published in a newspaper of county of principal place of business four weeks; or (if such agreement cannot be had) holders of two-thirds in value of stock may petition Court of Chancery or other court of competent jurisdiction for dissolution (secs. 48, 49).

State *v.* Webb, 97 Ala. 111; 12 Sou. 377; McKleroy *v.* G. L. I. Co., 126 Ala. 184; 28 Sou. 660.

26. **Foreign Corporations.** — Under Art. XII. sec. 232 of the Constitution of Alabama, 1901, and under the provisions of sec. 1316 of the Code of Alabama, 1896, no foreign corporation can do business within the State until it has filed with the Secretary of State a written statement, designating at least one known place of business within the State, and naming an agent within the State, located at its own place of business, upon whom as such agent service of process may be made and all legal notices served for all the purposes contemplated by the laws of the State of Alabama. There must also be filed with the foregoing a certified copy of its articles of incorporation. The statement to be filed must be in writing under the seal of the corporation and signed officially by the president and secretary thereof. The transaction of business by foreign corporations without having first filed the written statement hereinbefore referred to, renders it liable to forfeit and pay to the State the sum of $1,000 (Code of Alabama, 1896, secs. 1316–1322; General Acts of 1907, chap. 336, approved March 7, 1907).

The legislature is directed by the Constitution to provide for the payment of a license tax by foreign corporations to be based on the actual amount of capital employed by them within the State.

Foreign corporations are required before engaging in the transaction of business within the State to pay to the treasurer for the use of the State the following fees. Each foreign corporation whose actual amount of capital employed within this State is $100 or less, shall pay a charter fee of twenty-five per cent of the actual amount of capital employed or to be employed in the State by it. Each foreign corporation whose actual amount of capital employed in this State exceeds $100 and does not exceed $1,000, shall pay a charter fee of twenty-five per cent upon the first $100 of the actual amount of capital employed in this State, by it, and five per cent on all such remaining actual amount of capital employed in this State by it over $100 and up to and not exceeding $1,000. Each foreign corporation whose actual amount of capital employed in this State exceeds $1,000 shall pay a charter fee of twenty-five per cent upon the first $100 of actual amount of capital employed in this State by it, and five per cent upon all such capital employed in this State by it over $100 and up to $1,000, and one-tenth of one per cent on such actual amount of capital in excess of $1,000. All corporations or mutual companies which have no capital stock shall pay a fee of $25 (sec. 1321 of the Code of Alabama as amended by Laws of 1907, Act 336).

Under sec. 1322 of the Code of 1896, as amended by the General Acts of 1907, Act 336, such foreign corporation shall at the time of paying said fee into the treasury file in the office of the State Auditor an instrument in writing under the seal of the corporation and signed officially by the president or other chief officer and the secretary of such corporation, showing the name of the corporation, and the State or country under whose laws it was incorporated, the amount of the total authorized capital of such corporation, its principal place of business, the name of the authorized agent of said corporation in this State, and the post-office address of such authorized agent of such corporation in this State, and the location of the principal place of business of such corporation in this State; and also a statement showing the actual amount of capital employed in this State by such corporation, if such corporation is at the date of the filing of such statement engaged in business in this State, and if such corporation is not at the date of the filing of such statement engaged in business in this State, such statement shall state the actual amount of capital to

be employed by such corporation in this State, which statement shall be sworn to by the president or other executive officer and the secretary of said corporation before some officer authorized under the laws of this State to administer oaths or take acknowledgment of conveyances. If the auditor shall have any reason to believe that any statement made in such instrument so filed in his office is untrue, or that any fact or facts stated in such instrument is incorrectly stated, he shall have power to demand of such corporation, its officers or agents, an inspection of the books, records, and papers of the said corporation for the purpose of ascertaining the truth or falsity of any such statement, and any corporation which shall refuse to permit the auditor, or such person as may be designated by him, to inspect the books, records, and papers of such corporation when such examination is demanded by the auditor, shall not be permitted to transact any business or do any act in its corporate capacity in this State until such inspection is made. If the auditor, upon making such inspection of the books, records, and papers of such corporation shall find that the amount of capital to be employed or which is employed by the said corporation in this State is in excess of the amount stated in such statement filed by such corporation, he shall make demand upon such corporation, its officers or agents, for the payment of the difference in amount between the charter fee for which such corporation would be liable upon the amount of capital set forth in said statement and the amount of the charter fee for which such corporation would be liable upon the amount of capital set forth in said statement, and the amount of the charter fee which such corporation would be liable upon the amount of said capital as ascertained by the auditor from his inspection of the books, records, and papers of such corporation, and any such corporation which shall fail or refuse for the space of sixty days after the date that such demand is made by the auditor to pay said amount found by the auditor to be due it in excess of the amount shown to be due by it in such statement, shall not be permitted to engage in business or do any act in its corporate capacity in this State at any time within five years from the date of such demand.

No foreign corporation required to pay a tax under this act shall do any business in the State of Alabama not constituting interstate commerce, or maintain or defend any action in any of the courts of this State upon a contract made in this State other than contract based upon interstate commerce unless such corporation shall have paid such tax within sixty days after the same became due. Provided that this act shall not apply to foreign corporations engaged in the business of lending money in Alabama.

All foreign corporations are required to procure annually from the Secretary of State a license to transact business within the State. This license must be procured prior to January 1st of each year, and for issuing the same the Secretary of State is entitled to charge and receive $10 (Acts of 1907, pp. 290–293). In addition to the foregoing enumerated license taxes each foreign corporation must pay annually to the judge of probate of the county where it has a resident agent a franchise tax, for the use of the State, equal in amount and assessed in the same manner as the charter fee referred to above. They must also file with the judge of probate the same detailed information required to be filed by foreign corporations with the State Auditor as enumerated above. The act further provides that in addition to the amount of franchise taxes required to be paid by each foreign corporation to the State, as here stated, all foreign corporations shall in addition thereto pay to

the county, for the use of the county, an amount equal to one-half of the amount paid by it to the State (Acts of 1907, pp. 418–421). The annual license tax must be paid prior to January 1st of each year. (See also General Acts of 1907, pp. 374–377, 521, 522.)

Hall *v.* Engine Co., 91 Ala. 363; 8 Sou. 348; Morris *v.* Hall, 41 Ala. 510; Lucus *v.* Bank, 2 Stew. 147; Craddock *v.* Mortgage Co., 88 Ala. 281; 7 Sou. 196; Cook *v.* Brick Co., 98 Ala. 409; 12 Sou. 918; State *v.* Bank, 108 Ala. 3; 18 Sou. 533; George *v.* N. E. M. Sec. Co., 109 Ala. 548; 20 Sou. 331; Electric L. Co. *v.* Rust, 117 Ala. 680; 23 Sou. 751; Farrier *v.* N. E. M. S. Co., 88 Ala. 275; 7 Sou. 200; Collier *v.* Davis, 94 Ala. 456; 10 Sou. 86; Christian *v.* A. F. L. & M. Co., 89 Ala. 198; 7 Sou. 427; City of Greenville *v.* G. W. Co., 125 Ala. 625; 27 Sou. 764; Sullivan *v.* Vernon, 121 Ala. 393; 25 Sou. 600; Beard *v.* U. & A. P. Co., 71 Ala. 60; Falls *v.* U. S. S. L. & B. Co., 97 Ala. 417; 13 Sou. 25; McLeod *v.* Am. F. L. M. Co., 100 Ala. 496; 14 Sou. 409; Chattanooga, etc. Ass'n *v.* Denson *et al.*, 189 U. S. 408; D. M. & T. I. Co. *v.* Nixon, 95 Ala. 318; 10 Sou. 311.

ALASKA.

(The references are to the Act of Congress [Public Act, 135] approved March 2, 1903, unless otherwise stated, Vol. 32, U. S. Revised Statutes, chap. 978, sec. 5, pp. 947–952.)

1. **Statute under which Business Corporations may incorporate.** — The Business Corporation Act of Alaska is found in Acts of Congress No. 135, approved March 2, 1903. Under this act corporations may organize for the purpose of transacting the following lines of business in Alaska only, to wit: railway, street railway, wagon road, canal, flume, telegraph, telephone, mining, fishery, smelting, electric power, lighting, dock, wharfage, elevator, warehouse, hotel, trade, transportation, agricultural, lumbering, and manufacturing companies.

2. **Incorporators.** — Three or more adult persons, all of whom must be *bona fide* residents of the District of Alaska (sec. 1).

3. **Contents of the Articles of Incorporation.** — Articles must contain:

a. Corporate Name. — Similarity of names not forbidden (sec. 2).

b. Purposes. — Nature and character of the business. May be incorporated for one or more of the purposes above enumerated (Id.).

c. Domiciliary Office. — Principal place for transacting business.

d. Duration. — Time of commencement and period of continuance not to exceed fifty years (Id.).

e. Capital Stock. — Amount of capital stock and manner in which the same is to be paid in, and the number and par value of the shares (Id. sec. 10).

f. Indebtedness. — Highest amount of indebtedness or liability that may be incurred (Id.).

g. Names of Incorporators. — Names and residences of the incorporators (Id.).

h. Directors. — Number and names of first board of directors, and also statement as to what officers shall have charge of the management of the corporate affairs and when they shall be elected and their terms of office (Id.). If desired, provision may be inserted for manner of calling first meeting of directors (sec. 9).

4. **Statutory Powers.** — The statute merely enumerates the common law powers of corporations. The power to remove officers and directors is expressly granted, as well as the right of stockholders to vote by proxy. Stock may be forfeited for non-payment of assessments (secs. 4–6, 10).

5. **Procuring the Charter.** — Incorporators must subscribe and acknowledge written articles of incorporation in triplicate. One of these must be filed and recorded in the office of the Secretary of the District of Alaska and another in the office of the clerk of the District Court of the recording division where the principal place of business of the corporation is to be located; the third to be retained in the possession of the corporation. Corporate existence commences as soon as the foregoing steps have been taken (secs. 2–4).

6. **Corporate Indebtedness.** — The corporate indebtedness cannot exceed the capital stock (sec. 17).

7. **Organization Tax.** — There is no organization tax in the District of Alaska.

8. **Filing and Recording Fees.** — The filing and recording fees in the office of the Secretary of the District of Alaska have not yet been fixed by the

Attorney-General of the United States. On this subject the Attorney-General of the United States writes as follows:

"The Attorney-General has not prescribed any schedule of fees covering the filing of papers in the office of the Secretary of the District of Alaska, for the reason that it has been and is considered very doubtful whether he is authorized by Section 30, Chapter 1, Title I. of the Act of June 6, 1900, to do so.

"Under Section 10 of the above-named chapter and title, the Surveyor General, ex officio Secretary of the District, gets a salary of four thousand dollars per annum as full compensation. It seems clear therefore that he (the Secretary) would not be authorized to retain for his own use any fees prescribed by the Attorney-General for services rendered in filing papers in the office of the Secretary. In view of the fact that Congress provided a salaried officer to perform the services rendered by such Secretary, and neither prescribed fees therefor nor provided how the Secretary should account for fees if prescribed by the Attorney-General, it seems that the Attorney-General is not authorized to prescribe fees for such services."

With respect to the fees of the clerks of the courts in the District of Alaska it should be noted that sec. 828 of the Revised Statutes of the United States has been made applicable to the services rendered by clerks of the Federal courts. (See also paragraph 535 of Instructions to United States judges, marshals, attorneys, clerks, and commissioners for the District of Alaska, effective from and after August 1, 1902.) For recording articles in the office of the clerk of the District Court of the recording division where the principal place of business of the corporation is to be located, a fee of 15 cents per folio must be paid for such service. (See Public Act No. 150, Title I. sec. 30, approved January 6, 1900.)

9. **Commencing Business.** — Business may be commenced as soon as the articles are filed in the proper offices and the organization effected (sec. 4). Within thirty days after any change of officers a certificate thereof is required to be filed in the office of the clerk of the District Court (sec. 20). Directors must also take oath of office (sec. 6).

10. **Organization Meeting.** — The organization meeting must be held in the District of Alaska. Corporations must organize within one month after filing articles of incorporation by the adoption of by-laws (secs. 9–16). Unless otherwise provided in articles of incorporation, the first meeting of directors must be called by one or more of the persons named as directors in the certificate, by notice served personally on the resident directors and published at least twenty days in a newspaper at or nearest the principal place of business of the corporation in Alaska (sec. 9).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the District of Alaska. The requirement that a majority of the directors must be residents of the district would ordinarily necessitate holding all meetings of the board of directors there (sec. 6).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be not less than three directors, who shall be stockholders, and a majority shall be residents of the District of Alaska. They are each required to subscribe to an oath of office (sec. 6).

b. Liabilities. — Directors are liable for illegal payment of dividends and for the unlawful withdrawal of any part of the capital stock of the corporation, unless absent from meeting or their dissent is entered at length upon the minutes (sec. 13).

13. **Stockholders' Liabilities.** — Stockholders are liable only for the amount that remains unpaid upon the par value of their stock (sec. 14).

14. **Stock Certificates.** — Each stockholder is entitled to a stock certificate signed by such officers as the by-laws may prescribe. The par value of stock may be any amount.

15. **Preferred Stock.** — There is no provision for preferred stock.

16. **Payment of Capital Stock.** — Stock may be issued in consideration of money, labor, or property, estimated at its true money value (sec. 14).

17. **Books.** — Books of account, stock books, and record books must be kept at its principal office in Alaska. These are open to the inspection of stockholders (sec. 16).

18. **Office and Agent.** — The office and the principal managing officer or superintendent must respectively be maintained and reside in the District of Alaska (secs. 2, 16).

19. **Reports.** — The president, secretary, and treasurer must annually make out and publish weekly for three weeks a statement showing, first, number of shares of stock outstanding; second, amount paid in on each share; third, actual paid up capital of the corporation; fourth, actual cash value of the property and its location; fifth, statement of debts and liability and a description of the same; sixth, salaries paid officers, manager, and superintendent; seventh, increase or decrease, if any, in the stock, the capital and the liability of the corporation during the preceding year. On or before September 1st of each year, or within thirty days after any change in the officers of a corporation, there must be filed in the office of the clerk of the district court of the recording division where the principal office of the corporation is located, a list containing the names of the principal officers, including the president, cashier, secretary, and managing agents (secs. 20, 23).

20. **Anti-Trust Statute.** — There is no anti-trust statute specially applicable to the District of Alaska. (See Anti-Trust Act, U. S. Statutes of 1890, chap. 647.)

21. **Statutory Grounds for Forfeiture of Charter.** — The act does not provide for forfeiture of charters.

22. **Amendments.** — To increase or decrease the capital stock a meeting of stockholders must be called by notice signed by at least a majority of the directors, and published weekly for at least eight consecutive weeks in some established newspaper published at or near the principal place of business of the corporation in the District of Alaska, which notice shall specify the object of the meeting, the time and place where it is to be held, and the amount to which it is proposed to raise or diminish the capital stock. The proposed increase or decrease in stock must be approved by a vote of two-thirds of all the shares of stock. Thereupon a certificate of proceedings, showing compliance with the foregoing provisions, the amount of the capital stock actually paid in, the whole amount of debts and liabilities of the company, and the amount to which the capital stock is to be decreased and diminished shall be made out, signed, and verified by the affidavit of the presiding officer and secretary of the meeting, and certified to by a majority of the directors, and filed and recorded in the same manner as original articles of incorporation (secs. 17–19; sec. 2, sub. 7; sec. 7). In the same manner and upon such additional notice as may be provided in the articles of incorporation or by-laws, any of the general provisions of the articles of incorporation may be amended, and upon a like vote, unless a different vote be required in the articles of incorporation. There-

upon such amended articles must be filed and recorded in the same manner as provided for original articles (secs. 17–19; sec. 2, sub. 7; sec. 7).

23. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence.

24. **Dissolution.** — The corporation may be dissolved by the voluntary action of the stockholders taken as provided for in the act (secs. 21–22).

25. **Annual License Fee.** — There is no annual license fee in the District of Alaska.

26. **Foreign Corporations.** — Under Act of June 6, 1900, chap. 23 of Title III. U. S. Statutes at Large, 1900, pp. 321–528, a foreign corporation, whether created under the laws of the United States or those of any State or Territory of the United States, is required, before doing business within the District of Alaska, to file with the secretary of the district and the clerk of the District Court for the division within which the business is to be carried on, an authenticated copy of its charter or articles of incorporation, and a statement verified by oath of the president and secretary of the corporation, and attested by a majority of the directors, showing: name and location of principal place of business without, and also (if it have one) within the district; amount of capital stock; amount thereof paid in in money, and amount paid in any other way, and manner thereof; amount of assets and of what they consist, and actual cash value thereof; liabilities, and if any of its indebtedness is secured, how and upon what property. It must also file with the foregoing papers a certificate under seal of the president, vice-president, or other acting head of the corporation, and the secretary, if there be one, certifying that such corporation has consented to be sued in the courts of the district upon all causes of action arising against it in the district, and that process may be served upon a designated agent residing in the district; and must file therewith written consent of such agent. Such corporation must also annually, within thirty days from July 1, report in substantially the same form required in the foregoing statement and containing similar information (Civil Code, secs. 225, 226, 228, 229, 231).

Ames *v.* Kruzner, 1 Alaska, 598; Miocene Ditch Co. *v.* Lyng, 2 Alaska, 265; First Nat. Bank of Seattle, *v.* Fish, 2 Alaska, 344.

ARIZONA.

(The references cited below are to the Revised Statutes of Arizona, 1901, unless otherwise stated).

1. **Statute under which Business Corporations may incorporate.** — The General Corporation Act in force in Arizona went into effect September 1, 1901. It is found in the Revised Statutes of 1901, secs. 761–783 and secs. 909–925 and amendments thereto. It is entitled "Title XIII."; chap. 2 thereof refers to corporations. In 1903 an act was passed amending secs. 766–770 of the act above referred to. Under it parties may incorporate for any lawful purpose.

2. **Incorporators** (R. S., sec. 764). — Any number of persons may be incorporators; there are no residential requirements.

3. **Contents of Articles of Incorporation.** — The articles of incorporation must state the names of the corporators, name of corporation, and the principal place of business of the corporation within the Territory. Similarity of names is not expressly forbidden.

b. General Nature of the Business proposed to be transacted. — The Territorial Auditor allows as many purposes as may be desired to be inserted in the articles. Special provisions are made for railway, insurance, savings and loan, and eleemosynary corporations.

B. B. Co. *v.* A. & C., Ariz., 35 Pac. 983.

c. Capital Stock. — The amount of the capital stock authorized, and the time when, and conditions upon which, it is to be paid in. Capital stock under this section is without limit as to amount. The par value of the shares may be any amount.

d. Corporate Existence. — The time of commencement and termination of the corporate existence of the corporation. This period is limited by the statute to twenty-five years (sec. 771). Corporate existence may be renewed for another period of twenty-five years upon a vote of three-fourths of the stockholders given at a meeting duly held for that purpose (sec. 771).

e. Officers and Directors. — The names of the officers or the persons by whom the affairs of the corporation are to be conducted, and the times at which they are to be elected. Reference should be made in the articles to a board of directors of a designated number, to be elected annually by the stockholders. So far as the statute is concerned, one would scarcely know that the corporations organized under the General Act were supposed to have a board of directors (Laws of 1903, chap. 88).

f. Corporate Liability. — The highest amount of indebtedness or liability to which a corporation can at any time subject itself. This liability must not in any case exceed two-thirds of the capital stock (sec. 767).

g. Annual Meeting. — This is inserted by inference from sec. 5 of the Amendment of 1903, which requires a statement of time at which the officers in charge of the affairs of the corporation are elected.

h. Stockholders' Liability. — Unless the private property of the stockholders is expressly exempt in the articles of incorporation from liability for corporate debts, stockholders are liable for the debts of the corporation in the proportion in which their stock bears to the entire capital stock.

i. Corporate Rules and Regulations. — While the statute does not authorize

the insertion in the articles of any corporate rules and regulations, the Territorial Auditor permits such rules and regulations to be inserted in the articles filed in his office. (See Laws of 1903, Act 88.)

4. **Statutory Powers.** — The statute (sec. 705) enumerates the common law powers of corporations. A sinking fund may be established for the payment of debts (sec. 777). No mining or manufacturing corporation can have the power to operate or construct any railway, tramway, turnpike, or public highway, except such as lead from their principal work to adjacent streams, railways, or highways (sec. 781). Specific power is given to forfeit stock for non-payment of subscriptions (Laws of 1907, chap. 38).

Keyser *v.* Shuts, 29 Pac. 386.

5. **Procuring the Charter** (secs. 767–769). — The articles must be signed and acknowledged before some officer authorized to take acknowledgments. Every corporation must record its articles of incorporation in the office of the county recorder of the county where the principal place of business of said corporation within the territory is located, and a certified copy thereof must be filed and recorded in the office of the Territorial Auditor (Laws of 1903, chap. 29). The articles must be published at least six times in some newspaper published in the county in which the principal place of business is located or works established, and an affidavit of publication must be filed in the office of the Territorial Auditor within three months from date of filing articles with the county recorder, stating that such publication has been made according to law. The statute expressly provides that the corporation may commence business as soon as its articles of incorporation are filed for record in the office of the county recorder and a certified copy thereof with the Territorial Auditor, and its incorporation shall then be complete if the publication is made and an affidavit thereof filed in the office of the Territorial Auditor within three months after date of the filing with the county recorder. The act provides that there shall be no collateral inquiry into the legality of the corporate existence (secs. 770, 780; Laws of 1903, Act 88).

6. **Corporate Indebtedness.** — Must not exceed two-thirds of capital stock (sec. 767; Laws of 1903, chap. 88).

7. **Organization Tax.** — There is no organization tax imposed.

8. **Filing and Recording Fees.** — For filing articles of incorporation with the Territorial Auditor, $10; for filing affidavit of publication with same officer, $3; for issuing certificate of incorporation, $3; same officer's fees for issuing certified copy of articles, 20 cents a folio and $1 for certificate and seal; for filing appointment of statutory agent with Territorial Auditor, $3; cost of publishing articles of incorporation of the average length of one thousand words, $7.50. For recording articles in local county recorder's office where length does not exceed one thousand words, about $6.10, which includes certified copy for filing in auditor's office. This charge is represented as follows: For recording, 20 cents per folio; certifying under seal, 75 cents; fee for copying articles, 20 cents per folio (sec. 2596).

9. **Commencing Business** (sec. 769). — Before commencing business the corporation must appoint a *bona fide* resident of the Territory, who is a resident of three years' standing, as its agent upon whom process may be served against the corporation. The certificate of such appointment duly certified to by the proper officers of the corporation must be filed in the office of the Territorial Auditor (sec. 783, Laws of 1903, chap. 82). The corporation may commence

business as soon as the articles of incorporation are filed for record in the office of the county recorder, and a certified copy thereof with the Territorial Auditor. The publication of the articles must be made and an affidavit thereof filed in the office of the Territorial Auditor within three months from date of filing same with county recorder (sec. 769). No specified amount of capital stock need be subscribed for or paid in before commencing business. Business must commence within five years from the time the charter is issued (sec. 774).

10. **Organization Meeting.** — There is no statute in force in Arizona expressly permitting the holding of either the organization or stockholders' meetings outside of the Territory of Arizona. The Territorial officials, however, permit articles of incorporation to be filed and recorded in their offices wherein it is expressly provided that both organization and stockholders' meetings may be held without the Territory. In the case of Chase *v.* Fleming, decided by the Arizona District Court in 1904, it was held as follows: In this particular case the articles of incorporation provided that the principal place of business of the corporation should be at Philadelphia; that the affairs of the corporation should be conducted by a board of thirteen directors; that the incorporators should serve as directors for one year, and should meet and organize as a board of directors immediately after the filing of the articles and should adopt by-laws; that the board of directors should be elected at such time and manner as should be prescribed in the by-laws. The incorporators held a meeting in Philadelphia shortly after the articles were filed in Arizona, at which meeting by-laws were adopted. These by-laws provided that the annual stockholders' meeting should be held on the first Wednesday in December of each year at the principal office of the corporation within Arizona, or at the branch office in Philadelphia, as the board of directors should determine. The meeting, the validity of which was in question in the case, was held in Philadelphia. The court held that the board of directors elected at the meeting in Philadelphia was a *de facto* but not a *de jure* board. They held that the respondent Fleming having attended such meeting as a stockholder was estopped to question its validity. The court held that such meeting and the acts of the stockholders taken thereat were not *ipso facto* void, but voidable only at the instance of the person affected, provided such person has a legal right to question the act complained of, and provided, further, that he has not estopped himself from so questioning them. In the case in question the articles of incorporation expressly provided that the time and manner of the election of the board of directors should be prescribed in the by-laws, and the by-laws afterwards adopted, provided that the stockholders' meeting "should be held at the principal office or branch office as the board of directors should determine."

11. **Meetings, Stockholders' and Directors'.** — There is no statute authorizing stockholders' meetings to be held without the Territory. In the case of Chase *v.* Fleming, decided by the local District Court at Phoenix, Arizona, in 1904, the court made the following holding: "A corporation duly organized may not, except by express authority of law, legally act as such corporation through its stockholders outside the state of its creation. A meeting of the stockholders so held is unlawful, and the acts of the stockholders thereat are invalid. Such meeting and the acts of the stockholders thereat are not, however, *ipso facto* void, but voidable only at the instance of a person affected who has the right to question them. A stockholder present and acquiescing may not, however, question the legality of the meeting or the acts performed thereat." Directors' meetings may be held within or without

the Territory, as the by-laws may provide. In the absence of any statute giving that right, authority to vote by proxy at stockholders' meetings should be provided for in the articles of incorporation.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There may be any number of directors. They need not be stockholders, and there are no residential requirements.

b. Liabilities. — Directors are liable under penal code for fraud, refusal to allow inspection of books, false reports, illegal declaration of dividends, for taking notes, etc., in payment of stock, and for taking stock of other corporations or its bonds or other evidence of indebtedness as payment or exchange for its own stock, bonds, or evidences of indebtedness (Penal Code, chap. XL. sec. 501–516).

13. **Stockholders' Liabilities.** — Unless the articles of incorporation specifically exempt them from liability, stockholders are liable for the debts of the corporation in the proportion which their shares of stock bear to the whole capital stock. Stockholders are individually liable to the amount of the unpaid instalments on the stock owned by them or transferred to them for the purpose of defrauding creditors, and an execution against the corporation to that extent may be levied upon the private property of such stockholder (Id. sec. 776; Laws of 1903, chap. 88).

14. **Stock Certificates.** — The statute does not require specifically the issuance of stock certificates, nor does it prescribe who shall sign the same. This must be regulated by the by-laws. The par value of the stock certificates may be any amount.

15. **Preferred Stock.** — The statute does not expressly authorize the issuance of preferred stock. The Territorial Auditor permits the filing of articles in his office providing for preferred stock.

16. **Payment of Capital Stock.** — The statute is silent as to how the capital stock shall be paid. In the absence of express provisions in the articles authorizing the payment of stock in property or services, stock must be paid for in money or money's worth. (See Penal Code, sec. 504, sub. 5.)

17. **Books.** — The statute does not specifically require that any books shall be kept within the Territory. It does, however, require that a transfer book shall be kept showing the names of the persons by whom and to whom stock transfers are made, the number of shares, and the date of the transfer. It must also show the original stockholders, their respective addresses, the amount which has been paid in, and all transfers thereof. Such books and records or correct copies thereof, so far as they relate to the items mentioned above, shall be at all times subject to the inspection of any stockholder (Id. sec. 778). The location of the transfer book would appear to be presumptively, if not actually, at the principal place for transacting business (Penal Code, sec. 509).

18. **Office and Agent** (Id. sec. 783). — All corporations are required to name in their articles the location of their principal place of business within the Territory. They are also required to appoint a *bona fide* resident of the Territory, who has a residence of three years' standing, as the agent upon whom process may be served within the Territory (Laws of 1903, Act 82). This appointment must be filed with the Territorial Auditor (Laws of 1903, chap. 82).

19. **Reports.** — No annual reports are required.

20. **Anti-Trust Statute.** — There is no anti-trust statute in force in the Territory except such as have been passed by Congress and are in force everywhere. (See Penal Code, sec. 504, forbidding the acquisition of the stock and bonds of other corporations.)

21. **Statutory Grounds for Forfeiture of Charter.** — The statute provides that persons acting as a corporation under the General Act shall be presumed to be legally organized until the contrary is shown, and no such franchise shall be declared to be actually null and forfeited except in a regular proceeding brought for that purpose (Id. sec. 779). The statute further provides that any corporation organized or attempted to be organized under the General Act shall cease to exist by non-user of its franchise for five years at any one time (Id. sec. 774). Charter may be forfeited for failure to appoint and maintain resident agent (Laws of 1903, Act 88. For additional grounds for forfeiture of charter, see Laws of 1903, chap. 82).

22. **Amendments** (Id. sec. 770). — Capital stock may be increased or decreased and articles may be amended in any particular by the affirmative vote of a majority of the stockholders. Such amendments shall be signed and acknowledged by the president and attested by the secretary of the corporation, and must be recorded and published in the same manner as the original articles (Laws of 1903, Act 88).

23. **Annual Franchise Tax.** — There is no annual franchise tax.

24. **Extension of Corporate Existence.** — May extend corporate existence for an additional period of twenty-five years (Id. sec. 771).

25. **Dissolution.** — Corporations may be dissolved by a majority vote of its members unless a different rule is adopted in the articles of incorporation (Id. secs. 772, 775. For grounds for involuntary dissolution of a corporation, see Laws of 1903, chap. 82).

26. **Foreign Corporations.** — Before transacting business in the Territory foreign corporations must file a certified and duly authenticated copy of their articles of incorporation or charter, and the appointment of an agent upon whom process may be served with the Auditor of the Territory and with the county recorder of each county in which it does business or has an office. The appointment of the agent must be in writing, signed by the president and attested by the secretary of the corporation, and be based upon a resolution duly adopted by the board of directors. The agent must have been a *bona fide* resident of the county wherein appointed, for three consecutive years prior to his appointment. The corporation must publish six times in some newspaper published in each of said counties a copy of its articles of incorporation, and upon the expiration of such publication file an affidavit thereof in the office of the Territorial Auditor. The appointment of the agent must be by the board of directors. Fees for filing and recording are the same as for domestic corporations (Id. secs. 909–925). Except in the case of corporations organized for mining or manufacturing purposes, foreign corporations are limited to real estate holdings of 320 acres (sec. 913).

Babbitt *v.* Field, 52 Pac. 775.

ARKANSAS.

(The references cited below are to Kirby's Digest of the Statutes of Arkansas, 1904, chap. 31, unless otherwise stated.)

1. **Statute under which Business Corporations may incorporate.** — The general Business Corporation Act of Arkansas is to be found in Kirby's Digest of the Statutes of Arkansas, 1904, chap. 31, secs. 824 to 871 inclusive; 953 to 958 inclusive, and acts amendatory thereof. Special acts exist for the incorporation of navigation, traction, lighting, trust and surety, turnpike and plank roads, bureaus of immigration, railway, raft and boom companies, and eleemosynary corporations. Under the act corporations may be chartered for any lawful purpose not covered by the special acts referred to.

2. **Incorporators.** — Three or more. There are no residential requirements (sec. 837).

3. **Contents of the Articles of Association** (sec. 845). — The articles of association must contain:

a. Name. — Any name permitted.

b. Incorporators. — Names and residences of the incorporators.

c. Domiciliary Office. — The location of the principal place of business and the office of the company for the transaction of business within the State.

d. Purposes. — Persons desiring to incorporate under the General Act may do so by setting forth the purposes for which the corporation is formed. These purposes include any kind of manufacturing, mechanical, mining, and other lawful business not provided for by special acts. The Secretary of State permits the insertion of as many purposes as are desired, provided they are not covered by special acts (secs. 837, 845).

e. Capital Stock. — The amount of capital stock must be stated. There is no limit as to what this amount may be. The amount of capital stock subscribed for by the several incorporators must be set forth, and this should be followed by a provision that the residue of the capital stock may be issued and disposed of as the board of directors may from time to time order and direct.

f. Number and Par Value of Shares. — The par value of the shares must be $25 (sec. 838).

g. Directors. — The number of the directors must be set forth, together with the provision that they shall all be stockholders of the corporation, and to this should be added a provision that the board of directors shall elect one of its members president and another as vice-president, and shall also elect a secretary and treasurer. The number of directors may be any number not less than three. There are no residential requirements, but they must be stockholders, and must be chosen annually by the stockholders at such time and place as shall be provided by the by-laws of the corporation (sec. 841). The president is a statutory officer and must be a director. The secretary and treasurer are also statutory officers, but need not necessarily be directors. The last two named must reside and have their place of business within the State.

h. First Election for Directors. — This clause should provide that the first election for directors shall be held immediately after the organization of the corporation, and that the directors shall serve for one year and until their successors are elected.

i. Powers of the Board of Directors. — This clause may provide that the board of directors are empowered to establish all by-laws and regulations necessary to the management of the business and affairs of the corporation and to alter and repeal the same at pleasure.

j. Organization Meeting. — This clause should fix a time and place for the holding of the organization meeting, and should contain a waiver by the incorporators of the notice of such meeting.

k. Corporate Existence. — Corporate existence under the statute is perpetual. The period of existence is not required to be stated.

4. **Statutory Powers.** — The statutory powers found in the General Incorporation Act are the usual common law powers of corporations (secs. 847, 850, 851). There is a statutory lien given the corporation upon the stock of members for debts due it (secs. 847, 865–868). Voting by proxy is permitted. The right to issue preferred stock is granted (Laws of 1905, chap. 330).

S. W. Co. *v.* Bank, 68 Ark. 234; 57 S. W. 257; Conway *et al., ex parte*, 4 Ark. 302.

5. **Procuring the Charter.** — The articles of association must be subscribed by each of the incorporators. The statute provides that any two of the incorporators may call the first meeting of the corporation at such time and place as they may appoint, by giving notice thereof in any one or more newspapers published in the county in which such corporation is to be established, or in any adjoining county, at least fifteen days before the time appointed for such meeting. But such notice may be waived in writing, signed by all the subscribers to the capital stock of such company, specifying the time and place for said first meeting, which writing shall be entered at full length upon the records of the corporation; and the first meeting of such corporation which has been held pursuant to such written waiver of notice shall be valid. At this organization meeting the incorporators proceed to the election of a board of directors and the adoption of by-laws for the corporation. The directors must then meet and elect a president, secretary, treasurer, and such other officers as the by-laws of the corporation shall prescribe (secs. 840, 841, 843). The statute further provides that before any corporation shall commence business, the president and directors thereof shall file their articles of association and also subscribe under oath or affirmation to a certificate setting forth the purposes for which said corporation is formed, the amount of its capital stock, the amount actually paid in, and the names of its stockholders and the number of shares by each respectively owned, with the clerk of the county in which the corporation is to have its principal place of business; and shall file said articles and certificate bearing the endorsement of the county clerk in the office of the Secretary of State. Said certificate shall be recorded by said county clerk and Secretary of State in books kept by them for that purpose. Upon the filing of such endorsed articles and certificate with the Secretary of State, and the payment of the organization tax, the Secretary of State is authorized to issue a certificate of incorporation in the form prescribed by statute, which certificate or certified copy thereof is *prima facie* evidence of due incorporation (sec. 845).

Town of Searcy *v.* Yarnell, 47 Ark. 269; Fleener *v.* State, 58 Ark. 98.

6. **Corporate Indebtedness.** — There is no limit prescribed by statute to the creation of corporate indebtedness. To create a bonded indebtedness the consent of the larger amount in value of stock must be obtained at a meet-

ing duly called for that purpose. Bonds cannot be issued except for money or property actually received or labor done, and all fictitious increase of indebtedness is void (Cons., Art. XII. sec. 8).

7. **Organization Tax.** — All domestic corporations upon incorporation must pay into the treasury of the State for the filing of their articles a fee of $25, where the capital stock is $50,000 or under; $75, where the capital stock is over $50,000 and not more than $100,000; and $25 for each additional $100,000 of capital stock. The organization tax thus imposed includes the fee of the Secretary of State for filing articles and issuing the charter (Acts of Ark., 1907, Act 313, approved May 13, 1907).

8. **Filing and Recording Fees.** — The organization tax includes the fees of the Secretary of State for filing and recording the articles of association, and also includes the issuance of a certificate of incorporation. The charge for issuing a certified copy of articles of incorporation is 15 cents per hundred words, and $1 for certificate. This usually amounts to $2.50. The charge for filing and recording amendments to articles of incorporation is $10 for filing and 15 cents per hundred words for recording. The fee for recording the articles in the office of the county clerk of the county in which the corporation is to have its principal place of business is 10 cents per hundred words and 50 cents for certificate of filing. This fee usually varies from $2.50 to $5 (sec. 857).

9. **Commencing Business** (Id. sec. 845). — Corporations may commence business as soon as the president and board of directors have filed a true copy of the articles of association and the certificate referred to in sec. 5 above.

Garnett *et al. v.* Richardson *et al.*, 35 Ark. 144; Connor *v.* Abbott, 35 Ark. 365; Blackwell *v.* State, 36 Ark. 178.

10. **Organization Meeting** (Id. sec. 840). — The organization meeting must be held within the State. Each incorporator is presumed to be a stockholder to at least the extent of one share. It is usual to fix the time and place for the holding of the organization meeting in the articles of association. In the absence of any such provision, two of the incorporators may call the first meeting at such time and place as they may appoint by giving notice thereof in any one or more newspapers published in the county in which such corporation is to be established or any adjoining county at least fifteen days before the time appointed for such meeting (Id. sec. 840). The duty of the incorporators is to adopt by-laws and elect a board of directors. Immediately after the incorporators' and stockholders' meeting adjourns, a meeting of the board of directors should be held for the purpose of electing a president, secretary, and treasurer, and such other officers as may be required by the by-laws.

11. **Meeting of Stockholders and Directors** (secs. 840–843, 846). — In the absence of any statute providing otherwise, all stockholders' meetings must be held within the State. Directors' meetings, after the first meeting, may be held within or without the State, as the by-laws may provide.

Bank *v.* McCarthy, 55 Ark. 473; 18 S. W. 759; Blackwell *v.* State, 36 Ark. 178.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors who shall be stockholders. There are no residential requirements (Id. sec. 841).

Jones *et al. v.* Jarman, 34 Ark. 323; Worthen *v.* Griffith, 59 Ark. 562; 28 S. W. 286.

b. Liabilities. — If the president or secretary of any business corporation shall neglect to make the certificate showing the condition of the affairs of the corporation, as provided by sec. 848, or refuse to perform the duties required

of them respectively, the persons so neglecting or refusing shall duly and severally be liable to an action founded on the statute for the debts of such corporation contracted during the period of such neglect or refusal (sec. 859). Directors are jointly and severally liable for the declaration and payment of a dividend when the corporation is insolvent or the payment of which renders it insolvent, knowing such corporation to be insolvent or that the payment of such dividend would render it so; also for debts of the corporation contracted during the period when they shall neglect or refuse to comply with any of the provisions of the incorporation act affecting them. If, by reason of the violation of any of the provisions of the act by the directors, a corporation shall become insolvent, then all directors ordering or assenting to such violation shall be jointly and severally liable for all corporate debts contracted after such violation (secs. 862–864).

Simon *v.* Association, 54 Ark. 58; 14 S. W. 1101; Bank *v.* McCarthy, 55 Ark. 473; 18 S. W. 759.

13. **Stockholders' Liabilities.** — Stockholders are liable for the debts of the corporation only to the extent of the unpaid stock subscribed for or held by them. The corporation may, by the adoption of a proper by-law, place a lien upon the shares of its stockholders for any debt or liability they may incur to the company. The statute (Id. secs. 865, 868) provides a method for the enforcement of this lien. If the capital stock should be withdrawn or refunded to the stockholders before the payment of all the debts of the corporation for which such stock would have been liable, the stockholders are liable to any creditor of the corporation for the amount of the sum refunded to them respectively (Id. 861).

Jones *et al. v.* Jarman, 34 Ark. 323; Worthen *v.* Griffith, 59 Ark. 562; 28 S. W. 286.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him. Stock certificates may be signed by such officers as the by-laws may provide. The par value of the shares must be $25, except in the case of railroad corporations, when they may be $100 (secs. 838, 6721).

15. **Preferred Stock.** — All business corporations have power to issue preferred stock with such preferences, voting powers, and restrictions or qualifications thereunder as shall be stated and expressed in the certificate of incorporation or in any certificate of amendment thereof. Such preferred stock may, if so desired, be made subject to redemption at any time after three years from the issue thereof at a price not less than par, and the holders thereof shall be entitled to receive, and the corporation shall be bound to pay thereon, dividends at such rates and under such conditions as shall be stated in the original or amended certificates of incorporation, not exceeding eight per centum per annum, payable quarterly, half-yearly, or yearly; and such dividends may be made payable before any dividends shall be set apart or paid on the common stock, and may be made cumulative, provided the corporation shall set apart and pay the same dividend to the holders of non-cumulative preferred stock before any dividend shall be paid on the common stock, and in no event shall the holders of preferred stock be personally liable for the debts of the corporation; but in case of insolvency its debts or other liabilities shall be paid in preference to the preferred stock (Acts of Ark., 1905, Act 330).

16. **Payment of Capital Stock.** — Under the constitution capital stock can be issued only for money and property actually received or labor done (Cons., 1874, Art. XII. sec. 8).

Carter *v* Company, 54 Ark. 576; 16 S. W. 579; Fletcher *v.* Bank (Ark.); 69 S. W. 580.

17. **Books.** — The books must be kept within the State at the principal office of the corporation therein or at the office of the treasurer within the State (Id. sec. 852). The statute gives to all stockholders the right to inspect and examine the same (Id. sec. 852).

18. **Office.** — The corporation must maintain an office within the State, and its secretary and treasurer must reside within the State (Id. secs. 843, 852).

19. **Reports.** — At least once a year, by order of the directors, a true statement of the accounts of the corporation shall be made to the stockholders (sec. 852). In addition to this the president and secretary shall annually make a certificate showing the condition of the affairs of the company on the 1st day of January or of July next preceding the time of the making of the said certificate in the following particulars, to wit: the capital stock paid in, the value of its real estate, its personal estate, cash value of its credits, the amount of its debts, the name and number of shares held by each stockholder. This certificate must be deposited on or before the 15th day of February or August with the county clerk of the county within which said corporation transacts its business, who shall record the same at length in a book to be kept by him for that purpose (sec. 848). The charge for recording is 10 cents per folio.

Under Act I. of the Acts of Arkansas, 1905, the Secretary of State, on or before the 1st day of July of each year, addresses to the president, secretary, or treasurer of each incorporated company doing business in the State a letter of inquiry as to whether the said corporation has all or any part of its interest or business in or with any trust, combination, or association of persons of the kind described in what is known as the "Anti-Trust Act of 1905." Such officers are required to answer under oath such inquiry, the form of affidavit for that purpose being enclosed. (See also Laws of 1907, chap. 451.)

Neb. Nat. Bank *v.* Walsh, 68 Ark. 433; 59 S. W. 952.

20. **Anti-Trust Statute.** — Under the Act of January 23, 1905, Acts of Arkansas, 1905, chap. 1, a very drastic act is enacted, providing a punishment for pools, trusts, and conspiracies to control prices.

21. **Statutory Grounds for Forfeiture of Charter.** — Corporations may forfeit their charters by misuser or non-user in matters that go to the essential elements of their creation (Darnell *v.* State, 48 Ark. 321). The charter may also be forfeited for violations of the Anti-Trust Statute (Acts of Ark., 1905, chap. 1).

Darnell *v.* State, 48 Ark. 321; 3 S. W. 365; State *v.* Bank, 5 Ark. 595; Blackwell *v.* State, 36 Ark. 178; Brown *v.* Ry. Co., 68 Ark. 134; 56 S. W. 862.

22. **Amendments.** — The power of amendment in Arkansas is broad, but is also somewhat complicated. To reduce the capital stock either by releasing unpaid subscriptions for stock or by returning to the shareholders a portion of the amount paid in by them, such reduction must be made by a resolution duly adopted by a majority of the stockholders, and a copy of such resolution must be filed as amendment to the charter in the offices of the Secretary of State and the county clerk of the county in which the corporation transacts business, and such amendment must be published once in some newspaper published within the county. To authorize the corporation to engage in additional lines of business, the stockholders must authorize such change by a majority vote at a meeting duly called for that purpose. Then the president and directors shall cause such of the amended articles as specify the purposes for which the corporation is formed, subscribed by the stockholders, to be published in a

newspaper printed in the county in which such corporation is located, or any adjoining county, and shall also make a certificate of the purpose for which such corporation is formed as changed by the amended articles, which certificate shall be signed and deposited and recorded in the same manner as the original certificate. To increase the capital stock such increase must be voted for by a majority of the stockholders at a meeting especially called for that purpose. After the increase is approved the president and directors shall within thirty days thereafter make a certificate thereof, which must be signed, deposited, and recorded the same as an original certificate. By the Act of April 11, 1901, a corporation may change its name and number of directors by a resolution of the stockholders duly adopted by a majority thereof at a meeting called for that purpose. A copy of such resolution duly certified by the president and secretary must be filed with the clerk of the county court of the county in which the principal place of business is located, and also with the Secretary of State. To change its principal place of business within the State to a county within the State the president and secretary must procure from the county clerk of the county from which it removes a certified copy of the records of its articles of association, etc., to which certified copy shall be attached the certificate of such president and secretary that such corporation has thus removed, which certified copy of the certificate must be filed and recorded in the office of the county clerk of the county to which such corporation shall remove. A similar certified copy of the certificate must be filed in the office of the secretary in such State. A duplicate copy of such certificate must be published in a newspaper in the county in which such corporation shall be located. If the removal is from one county to another, there must be two publications, one in a newspaper in each county (Id. 854–857, 860).

Brown *v.* W. & S. E. Ry. Co., 68 Ark. 134; 56 S. W. 862.

23. **Annual Franchise Tax.** — Each and every corporation, either domestic or foreign, organized under the laws of this State, or any other State, and doing business in this State, shall pay to the Secretary of State the following franchise tax: On or before the 1st day of July of each year every such corporation having an authorized capital stock of not over $25,000, $10; every such corporation having an authorized capital stock of more than $25,000 and not over $100,000, $25; every such corporation having an authorized capital stock of more than $100,000 and not over $500,000, $50; every such corporation having an authorized capital stock of more than $500,000, $100. Corporations may be relieved of forfeiture by paying the delinquent tax, and $5 additional for each month which shall elapse after such forfeiture (Acts of 1907, Act 443). Any corporation, domestic or foreign, which shall fail to pay the tax provided for in sec. 1 of this act shall, because of such failure, forfeit its right to do business in the State, which forfeiture shall be consummated, without judicial ascertainment, by the Secretary of State entering upon the margin of the ledger kept in his office relating to such corporation the word "forfeited," giving the date of such forfeiture, and any corporation whose right to do business may be thus forfeited shall be denied the right to sue or defend in any of the courts of this State; and in any suit against such corporation on a cause of action arising before such forfeiture no affirmative relief may be granted to such defendant corporation unless its right to do business is revived as provided in sec. 1 of this act (sec. 3). The Secretary of State shall, on or before the 1st day of June of each year, notify all domestic and foreign corporations subject to a franchise

tax by the law of this State, by mailing to the post-office named as the principal place of business of such corporation in its articles of incorporation, or any other place of business of such corporation, addressed in its corporate name, a written or printed notice that such tax will be due at a date named therein, a record of the date of the mailing of such notice must be kept by the officer, and which mailing of the notice and the said record thereof shall constitute legal and sufficient notice for all purposes of this act; and in thirty days after the 1st day of July of each year said officer shall publish, ten successive days, in some newspaper published in this State a list of the corporations whose right to do business in this State has been forfeited for a non-compliance with this act. Provided that any corporation which shall within six months after such publication pay the tax, and $5 additional thereto for each month or fractional part of a month which shall elapse before such forfeiture, shall be relieved from the forfeiture of its rights to do business by reason of such failure, and when such tax and the said penalty are fully paid to the Secretary of State, it shall be the duty of said officer to revive and reinstate said right to do business by erasing or cancelling the word "forfeited" from his ledger, and substituting the word "revived," giving the date of such revival (sec. 4). This act shall not be construed to repeal any existing laws now upon the statute books, but shall take effect and be in force from and after its passage (Act approved May 29, 1907; Laws 1907, chap. 443).

24. **Extension of Corporate Existence.** — There is no provision for extension of corporate existence.

25. **Dissolution.** — Corporations may be dissolved by application to the courts having equitable jurisdiction. Any corporation may surrender its charter by resolution of a majority in value of the stockholders, at a meeting duly called for that purpose, and filing a certified copy of such resolution in the office of the Secretary of State, and in the office of the county clerk of the county where the principal place of business of such corporation is located (Id. secs. 953–958).

Town of Searcy *v.* Yarnell, 47 Ark. 269; 1 S. W. 319; Dozier *v.* A. C. Mills, 67 Ark. 11; 53 S. W. 403; Curran *v.* State, 15 How. 304; Jefferson *v.* Edrington, 53 Ark. 545; Forbes *v.* Whittemore, 62 Ark. 229.

26. **Foreign Corporations.** — Every company or corporation incorporated under the laws of any other State, Territory, or country, including foreign railroad and foreign fire and life insurance companies now or hereafter doing business in this State, shall file in the office of the Secretary of State of this State a copy of its charter or articles of incorporation or association or a copy of its certificate of incorporation duly authenticated and certified by the proper authority, together with a statement of its assets and liabilities and the amount of its capital employed in this State, and shall also designate its general office or place of business in this State, and shall name an agent upon whom service of process may be made. Provided, before authority is granted any foreign corporation to do business in this State, it must file with the Secretary of State a resolution adopted by its board of directors consenting that service of process upon any agent of such company in this State or upon the Secretary of State of this State in any action brought or pending in this State shall be valid service upon such company; and if process is served upon the Secretary of State, it shall be his duty to at once send it by mail addressed to the company at its principal office; and if any company shall, without the consent of the other party to any suit or proceeding brought by or against it in any court of this State, remove such

suit or proceeding to any Federal court, or shall institute any suit or proceeding against any citizen of this State in any Federal court, it shall be the duty of the Secretary of State to forthwith revoke the authority of said company and its agents to do business in this State, and to publish such revocation in some newspaper of general circulation published in this State; and if such corporation shall thereafter continue to do business in this State, it shall be subject to the penalty of this act for so continuing to do business in this State after such revocation. Any foreign corporation which shall fail to comply with the provisions of this act and shall do any business in this State shall be subject to a fine of not less than $1,000, to be recovered in any court of competent jurisdiction, and all fines so recovered shall be paid into the general revenue fund of the county in which the cause of action shall accrue; and it is hereby made a duty of the prosecuting attorneys to institute such suit in the name of the State for the use and benefit of the county in which the suit is brought, and said prosecuting attorney shall receive as his compensation one-fourth of the amount recovered, and as an additional penalty any foreign corporation which shall fail or refuse to file its articles of incorporation or certificate aforesaid cannot make any contract in this State which can be enforced by it either in law or in equity, and the complying with the provisions of this act after suit is brought shall in no way validate said contract.

All corporations hereinafter incorporated in this State, and all foreign corporations seeking to do business in this State, shall pay into the treasury of this State for the filing of such articles a fee of $25 where the capital stock is $50,000 or under; $75 where the capital stock is over $50,000 and not more than $100,000; and $25 additional for each $100,000 of capital stock.

Any foreign mutual corporation having no capital stock shall be required to pay to the Secretary of State for filing its articles of incorporation the sum of $500; provided, however, nothing in this section shall apply to fraternal orders that write insurance (Acts of Ark., 1907, Act 313, approved May 13, 1907). A fee of $1 is required to be paid for filing appointment of agent by foreign corporations. Foreign corporations are required to pay the same annual franchise tax as domestic. (See *ante*, sec. 23.)

Gunn *v.* Company, 57 Ark. 24; 20 S. W. 591; Scruggs *v.* Company, 54 Ark. 566; 16 S. W. 563; St. L., etc. Ry. Co. *v.* Fire Ass'n, 60 Ark. 325; 30 S. W. 350; Buffalo Zinc & Copper Co. *v.* Crump, 70 Ark. 525; 69 S. W. 572; W. R. Lumber Co. *v.* Implement Ass'n, 55 Ark. 625; 18 S. W. 1055; Boyington *v.* Van Etten, 62 Ark. 63; 35 S. W. 622; Railway *v.* Fire Ass'n, 55 Ark. 163; 18 S. W. 43; Woodson *v.* State, 69 Ark. 521; 65 S. W. 465.

CALIFORNIA.

(The references cited below are to the Civil Code, unless otherwise stated.)

1. **Statute under which Business Corporations may incorporate.** — The Civil Code of California, Part IV. secs. 283–403, as amended in certain respects by subsequent Session Laws, constitutes the General Incorporation Act of the State of California for business corporations. There are special acts applicable only to insurance, railway, street railway, wagon road, bridge, ferry, wharf, chute, pier, telegraph, telephone, water, canal, homestead, savings and loan, mining, gas, and eleemosynary corporations, but any kind of business corporation may be incorporated under the General Act.

2. **Incorporators.** — There may be any number of incorporators not less than three, a majority of whom must reside in the State (C. C., secs. 285, 292; Laws of 1905, chap. 392).

People *v.* Company, 97 Cal. 276; 32 Pac. 236.

3. **Contents of the Articles of Incorporation** (C. C., sec. 290, as amended by Laws of 1907, chap. 278). — The articles must contain:

a. Name. — The use of a name identical with that or similar to that of an existing domestic corporation is forbidden (C. C., sec. 296; Laws of 1905, chap. 103; Laws of 1906, chap. 19, sec. 6; Laws of 1907, chap. 403). The use of the word "trust" is forbidden to all corporations except those organized to transact a trust company business (Laws of 1905, chaps. 259, 279).

Curtiss *v.* Murray *et al.*, 26 Cal. 633.

b. Purpose. — Companies may be incorporated for any purpose not covered by special act (Cons., Art. XIII. sec. 9; Laws of 1905, chap. 392).

c. Domiciliary Office. — The place where the principal business is to be transacted.

d. Corporate Existence. — The term for which it is to exist not to exceed fifty years (secs. 290, 362).

e. Directors. — Number of directors not less than three, together with the names and residences of those appointed for the first year. The directors must be stockholders, and a majority residents of the State (C. C., secs. 290, 305; Laws of 1905, chap. 392).

f. Capital Stock. — The amount of capital stock, which may be any amount. The number of shares must also be stated, the par value of which may be any amount. The articles of incorporation may provide for classification of capital stock into preferred and common. To this must be added a statement of the number of shares of stock to which preference is granted and the number of shares to which no preference is granted. The articles must also set forth the nature and extent of the preference granted and except as to the matters and things so stated no distinction shall exist between such classes of stock; provided, however, that no preference shall be granted, nor shall any distinction be made between the classes of stock either as to voting powers or as to statutory constitutional liability of the holders thereof to the creditors of the corporation (Laws of 1907, chap. 278).

g. Original Stock Subscriptions. — The amount actually subscribed and by

whom. There need be no particular amount subscribed beyond the one share required for each of the incorporators (Laws of 1905, chap. 392).

Harris *et al. v.* McGregor, 29 Cal. 125; *Ex parte* S. V. W. W., 17 Cal. 132; People *v.* Company, 45 Cal. 306; People *v.* Perrin, 56 Cal. 345; People *v.* Company, 97 Cal. 276; 32 Pac. 236.

4. **Statutory Powers** (C. C., secs. 283, 354, 355). — In addition to the statutory enumeration of the common law powers of corporations (C. C., sec. 354) there are some express limitations upon the ordinary corporate powers. One is the provision that no corporation shall acquire or hold any more real property than may be reasonably necessary for the transaction of its business or the construction of its works. The bonded indebtedness of a corporation may be created or increased by a vote of the stockholders representing at least two-thirds of the subscribed capital stock at a meeting called by the board of directors, and after publishing notice of such meeting once a week for at least sixty days, which notice shall state the amount of bonded indebtedness which it is proposed to create, or the amount to which it is proposed to increase the said indebtedness. The necessity of publication may be obviated by written consents from the holders of two-thirds of the outstanding capital stock (C. C., sec. 359). Domestic mining corporations possessing mining claims adjoining each other may consolidate in such manner and upon such terms as may be agreed upon, provided the written consent of all the stockholders representing two-thirds of the capital stock of each corporation is first obtained, and provided the statutory requirements relative to calling meetings, publishing notice thereof, etc., are complied with (C. C., sec. 361). Only so much real property as is necessary for the transaction of corporate business can be held (C. C., sec. 360; also Session Laws, 1905, chap. 576).

The following additional powers are conferred: To authorize voting by proxy, to permit cumulative voting in the election of directors, and to forfeit stock for non-payment of assessments (Cons., Art. XII. sec. 12; C. C., secs. 307, 312, 331–349; Laws of 1903, chap. 215). Also to sell and dispose of all the corporate assets with the consent of two-thirds of the stockholders (C. C., secs. 364, 584; Laws of 1903, chap. 271; Laws of 1905, chap. 416, sec. 4). Also to remove directors (sec. 310; Laws of 1905, chap. 416). To accept devises (Laws of 1903, chap. 223). By the unanimous vote of all the directors at any regular meeting corporations may acquire and hold the land and buildings in which their business is carried on, and may improve the same to any extent required for the convenient transaction of its business (Laws of 1905, chap. 576). The power of repealing and amending by-laws and of adopting new by-laws may, by a two-thirds vote of the stockholders cast at a meeting thereof called for that purpose, or by the written assent of the holders of two-thirds of the stock, be delegated to the board of directors (Laws of 1905, chap. 416).

See Smith *v.* Morse, 2 Cal. 524; Smith *v.* Company, 6 Cal. 1; Knowles *v.* Sandercock, 107 Cal. 629; 40 Pac. 1047; Tel. Co. *v.* Tel. Co., 22 Cal. 398; Union Water Co. *v.* Murphy Co. *et al.*, 22 Cal. 621; P. S. H. Bank *v.* Sadler (Cal. App.), 81 Pac. 1029.

5. **Procuring the Charter.** — The articles must be signed and acknowledged by each of the three or more incorporators, a majority of whom must be residents of the State (C. C., sec. 292; Laws of 1905, chap. 392). Next, the articles must be filed in the office of the county clerk of the county in which the principal business of the company is to be transacted, and a copy thereof, certified by the county clerk, must be filed with the Secretary of State (C. C., sec. 296). Before the articles can be filed with the latter the organization tax (see below) must be paid. When such tax is paid and the articles duly filed with the Secre-

tary of State, the latter issues to the corporation, over the Great Seal of the State, a certificate that a copy of the articles containing the required statement of facts has been filed in his office, and the statute then provides that the persons signing the articles and their associates and successors shall thereupon be a body politic and corporate by the name stated in the certificate (C. C., sec. 296; Laws of 1901, chap. 201). The due incorporation of any company claiming in good faith to be a corporation, doing business as such, and its right to exercise corporate powers shall not be inquired into collaterally in any private suit to which such *de facto* corporation may be a party, but such inquiry may be had at the suit of the State, except in those cases where the corporation has been doing business for ten consecutive years as a corporation (C. C., sec. 358; Laws of 1901, chap. 206). No corporation may purchase, locate, or hold property in any county in the State other than the county in which its original articles are filed, without filing a copy of the copy of the articles of incorporation filed in the office of the Secretary of State duly certified by him in the office of the clerk of the county in which said property is situated and within sixty days after such purchase or location is made (Laws of 1905, chap. 416).

Martin *v.* Deetz, 102 Cal. 55; 36 Pac. 368; Rondell *v.* Fay, 32 Cal. 354; Waterworks *v.* San Francisco, 22 Cal. 441.

6. **Organization Tax.** — If the capital stock amounts to $25,000 or less, $15; over $25,000 and not over $75,000, $25; over $75,000 and not over $200,000, $50; over $200,000 and not over $500,000, $75; over $500,000 and not over $1,000,000, $100; over $1,000,000, $50 additional for every $500,000 or fractional part thereof of capital stock over and above $1,000,000. The foregoing fees are payable to the Secretary of State upon filing articles in his office (Laws of 1905, chap. 467).

7. **Filing and Recording Fees.** — The Secretary of State is entitled to no additional fee for filing articles of incorporation other than the payment to him of the organization tax, but for recording such articles he is entitled to charge 20 cents per folio. For issuing certificate of incorporation, $3. For copy of articles of incorporation on file in his office, 20 cents per folio, and for affixing certificate seal of State thereto, $2. For comparing copy of articles with the original on file in his office, 5 cents per folio. The county clerk is entitled to a fee of $1 for filing articles of incorporation, and for copy of same 10 cents per folio, and for certificate for same, 50 cents (Pol. Code, 416; Gen. Laws, Title 84, Stat. 1895, p. 268; Laws of 1905, chap. 467; Laws of 1907, chap. 281. As to provision for issuance of duplicate of articles of incorporation, where the original has been lost, see Laws of 1906, chaps. 53 and 61).

8. **Corporate Indebtedness.** — Cannot exceed amount of subscribed capital stock (C. C., sec. 359, as amended by Laws of 1903, chap. 235; Laws of 1905, chap. 416, sec. 4). (As to increase or decrease in indebtedness, see Laws of 1907, chap. 280; see also Laws of 1907, chap. 93.)

9. **Commencing Business.** — Corporations may commence business as soon as the certificate of incorporation is issued by the Secretary of State and a license to do business has been issued by that official to the corporation. In order to procure such a license the law provides that at the time of filing a certified copy of articles of incorporation of any corporation when filed on or between the 1st day of July and the 1st day of December in any year, there shall be paid in addition to all other fees required by law to be paid to the Secretary of State, the sum of $20, which shall be received and license receipt issued in full of the license tax for the current year. The law further provides

that no corporation, either domestic or foreign, shall do or attempt to do business by virtue of its certificate of incorporation in the State without a State license therefor. It would appear from a careful reading of the act that corporations incorporated between the 1st day of December and the 1st day of July were not subject to the payment of the license tax until the same became due on the 1st day of the July following their incorporation (Laws of 1906, chap. 19; Laws of 1907, chap. 347). They must commence business within one year upon penalty of having their charter forfeited by proper action commenced by the State (C. C., sec. 358; see also Laws of 1901, chap. 147). If the corporation has property in other counties than that where its original articles are filed, it must within sixty days after such property is purchased, located, or held, file with the clerk of such counties copies of its articles of incorporation certified by the Secretary of State (C. C., sec. 299; Laws of 1905, chap. 416).

People *v.* Company, 45 Cal. 306.

10. **Organization Meeting.** — A preliminary organization is effected by the stockholders holding a meeting within the State within one month after incorporation (by proxy if desired) and proceeding to adopt by-laws. These must be adopted by a two-thirds vote of all the stock issued and outstanding. By-laws may, however, be adopted by the written assent of two-thirds of the stockholdings without a meeting (C. C., sec. 301; Laws of 1905, chap. 416). The right to repeal and amend by-laws is governed by the same provisions. The power to repeal and amend by-laws and adopt new by-laws may by a similar vote at any such meeting, or similar written assent, be delegated to the board of directors. All by-laws must be certified by a majority of the board of directors and the secretary of the corporation, and copied in a book kept in the office of the secretary of the corporation, to be known as the book of by-laws, subject to the inspection of the public during business hours each day (C. C., sec. 301; C. C., sec. 364; Laws of 1901, chap. 157, secs. 67, 68; Laws of 1905, chap. 416).

Hall *v.* Crandall, 29 Cal. 568.

11. **Meetings of Stockholders and Directors.** — Meetings of both stockholders and board of directors must be held at the corporation's office or principal place of business (C. C., sec. 319; Laws of 1905, chaps. 282, 584; as to use of proxy at stockholders' meetings, see Laws of 1905, chaps. 28, 416, secs. 7–9). At all elections or votes had for any purpose there must be a majority of the subscribed capital stock represented either in person or by proxy. Every person acting at said meeting must be a stockholder having stock in his own name on the stock books of the corporation at least ten days prior to the election (Laws of 1907, chap. 319).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors who shall be stockholders and a majority of whom shall be residents of the State. Unless a quorum is present no business performed or acted on is valid as against the corporation. Whenever a vacancy occurs in the office of director, unless the by-laws of the corporation otherwise provide, such vacancy must be filled by an appointee of the board (C. C., secs. 290, 301, 305; Laws of 1901, chap. 145; Laws of 1905, chaps. 392, 416). Cumulative voting for directors is permitted (sec. 307).

b. Liabilities. — Directors are jointly and severally liable to the creditors and stockholders for all moneys embezzled or misappropriated by the officers during their term of office (Cons., Art. XII. sec 3). Non-dissenting directors are liable to the corporation and to the creditors to the full amount of the capital

stock withdrawn as dividends when there are no surplus profits (C. C., sec. 309; Laws of 1905, chap. 416). They are also jointly and severally liable where they create debts beyond the subscribed capital stock (C. C., sec. 309). They are also liable for the withdrawal of capital stock or the increase or decrease thereof, except when made in accordance with the statute in such case made and provided (C. C., sec. 309). Finally, directors are made liable for making false reports relative to corporate matters (Laws of 1905, chap. 522). Directors in mining corporations are liable for failure to have the reports and accounts current made and posted as required by law (C. C., sec. 590; see also Penal Code, secs. 560, 563, 564, 568–572).

Fox *v.* Company, 108 Cal. 478; 41 Pac. 328; A. S. Mining Co. *v.* Company, 78 Cal. 629; 21 Pac. 373; Martin *v.* Zellerbach, 38 Cal. 300; E. W. & Mining Co. *v.* Pierce, 90 Cal. 131; 27 Pac. 44; Shattuck *v.* Company, 58 Cal. 550; Irvine *v.* McKeon, 23 Cal. 472.

13. **Stockholders' Liabilities.** *a. Individual Liability.* — Every stockholder is individually liable for such proportion of the corporation's debts and liabilities contracted or incurred during the time he was a stockholder, as the amount of stock owned by him bears to the whole of the subscribed capital stock of the corporation. The liability of each stockholder is determined by the amount of stock owned by him at the time the debt or liability was incurred, and such liability is not released by subsequent transfer of stock (Cons., Art. XII. sec. 3; C. C., sec. 322; Laws of 1905, chap. 339). Stockholders are also liable for the amount of their unpaid-stock subscriptions.

Harmon *v.* Page, 62 Cal. 448; Baines *v.* Babcock, 95 Cal. 581; 27 Pac. 674; Vermont Marble Co. *v.* Company, 135 Cal. 579; 67 Pac. 1057; Bank *v.* Company, 103 Cal. 594; 37 Pac. 499.

b. Stock Assessments. — Assessments are levied in the first instance by the board of directors after one-fourth of the capital stock has been subscribed. The amount of the assessment is limited except in the case hereafter referred to, so that no one assessment shall exceed ten per cent of the amount of the authorized capital stock. The exception is where the whole capital stock has not been paid up and the corporation is unable to meet its liabilities or to satisfy the claims of creditors. The assessment must be levied according to statute, and must be made payable not less than thirty nor more than sixty days from the time of making the order leaving the assessment. The day to be fixed for the sale of delinquent stock shall be not less than fifteen nor more than sixty days from the day the stock is declared delinquent. In addition to the penalty provided for forfeiture of stock for failure to pay assessments, a corporation may recover the amount of such instalment directly against the stockholder by proper action brought for that purpose (C. C., secs. 331–349). The Supreme Court of California has held that the directors of any *domestic* corporation may levy and collect assessments for corporate purposes on shares of stock upon which all subscriptions have been fully paid.

R. R. Co. *v.* Spreckles, 65 Cal. 193; 3 Pac. 661, 802; Younglove *v.* Steinman, 80 Cal. 375; 22 Pac. 189; Company *v.* Herberger, 82 Cal. 603; 23 Pac. 134; Water Co. *v.* Superior Court, 92 Cal. 50; 28 Pac. 54; Green *v.* Medical Co., 96 Cal. 322; 31 Pac. 100; see also Cons., Art. XII. sec. 3; Visalia, etc. Co. *v.* Hyde, 110 Cal. 632; 43 Pac. 10; U. S. Bank *v.* Leiter, 145 Cal. 696; 79 Pac. 441.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by the president and secretary (C. C., sec. 323). The corporation may provide in its by-laws for issuing certificates prior to full payment, but any certificate issued prior to full payment must show on its face what amount has been paid thereon. The par value of stock certificates may be any amount (C. C., secs. 290, 587; Laws of 1901, chap. 147; Laws of 1905,

chaps. 339 and 391; Laws of 1907, chap. 279). Certificates of stock issued by corporations issuing stocks of different classes shall express upon their face the character of stock represented by such certificates. The latter must also state the number of shares of stock of each class issued and shall also contain a statement of the nature and extent of the preferences granted to the preferred stock (Laws of 1907, chap. 279; see also Laws of 1907, chap. 470).

Williams *v.* Company, (Cal.) 78 Pac. 28.

15. **Preferred Stock.** — Preferred stock is expressly authorized by Laws of 1907, chap. 278. (See *ante*, sec. 3, sub. f.)

16. **Payment of Capital Stock.** — Under the constitution no corporation can issue stock except for money paid, or labor done, or property actually received (Cons., Art. XII. sec. 11; C. C., sec. 359, as amended by Laws of 1903, chap. 253; Laws of 1907, chap. 280).

Ewing *v.* Company, 56 Cal. 649; Stein *v.* Howard, 65 Cal. 616; 4 Pac. 662; Martin *v.* Zellerbach, 38 Cal. 309; Jefferson *v.* Hewitt, 103 Cal. 624; 37 Pac. 638; Kellerman *v.* Maier, 116 Cal. 416; 48 Pac. 377; Garretson *v.* Company (Cal.), 79 Pac. 838; Green *v.* The Company, 96 Cal. 322.

17. **Books.** — The book of by-laws and stock books must be kept at the principal office of the company within the State, and are subject to inspection thereof by any stockholder. The stock and transfer books are open to inspection of creditors as well as stockholders (C. C., secs. 304, 377–378, 588; and Cons., Art. XII. sec. 14).

18. **Office.** — The corporation must maintain an office within the State (Cons., Art. XII. sec. 14).

19. **Reports.** — No reports are required to be published. Directors in mining corporations are required to make monthly reports to the stockholders, verified by the president and secretary (C. C., sec. 588).

20. **Anti-Trust Statute.** — Corporations cannot combine or agree to any act to prevent any person from buying live-stock in the State, or having it for sale or selling it on commission (Session Laws of 1893, chap. 30). Discrimination in rates and combination among transportation companies are prohibited by the Constitution (Art. XII, secs. 20, 21).

21. **Statutory Grounds for Forfeiture of Charter.** — If a corporation does not organize and commence the transaction of its business or the construction of its works within one year from the date of its incorporation, or if after organization and commencement of business it loses or disposes of all of its property and for a period of two years fails to elect officers and transact in a regular way its business, its corporate powers shall cease, and the corporation may be dissolved by proper action brought by the State for that purpose (C. C., sec. 358; C. C., Pro., secs. 802–810; Laws of 1901, chap. 206). Charters may be forfeited for failure to pay the annual license tax as provided by Laws of 1906, chap. 19; Laws of 1907, chaps. 347 and 403.

People *v.* Stanford, 77 Cal. 360; 18 Pac. 85; People *v.* Dashaway Ass'n, 84 Cal. 114; 24 Pac. 277; San Pedro *v.* R. R. Co., 101 Cal. 333; 35 Pac. 993; People *v.* Water Co., 97 Cal. 276; 32 Pac. 236; L. H. Bank *v.* Spires, 126 Cal. 541; 58 Pac. 1049.

22. **Amendments.** — The power of amendment in California is broad and is also somewhat complicated. The name of the corporation can be changed only by application to the Superior Court. The corporation must file a certified copy of the decree of the court changing the corporate name in the office of the Secretary of State within thirty days from the date of such decree (Code of Civ. Proc. secs. 1276, 1277, 1279; Laws of 1905, chaps. 45 and 103; Laws of 1907, chap. 275). Articles may be amended for any purpose except as stated

below, by the majority vote of the directors and by the vote or written assent of stockholders representing two-thirds of the subscribed capital stock of the corporation, or the written assent of the majority of the members if there is no capital stock; a copy of the articles as amended, duly certified to be correct by the president and secretary of the board of directors, shall be filed in the office where the original articles are filed and a certified copy thereof duly certified by such county clerk, in the office of the Secretary of State. Amended articles, duly certified as aforesaid, must be filed in the office of the county clerk of every county in which said corporation has or holds property except only in the county in which the original amended articles of incorporation have been filed. Failure to so file subjects the corporation to the penalties and liabilities provided in sec. 299 of the Civil Code. If the assent of two-thirds of the stockholders to such amendment has not been obtained, a notice of the intention to make such amendment must be advertised for thirty days in some newspaper published in the locality in which the principal place of business of the corporation is located before the filing of the proposed amendment (Laws of 1907, chap. 278).

The capital stock of a corporation may be increased or diminished at a meeting of the stockholders by a two-thirds vote of the subscribed or issued capital stock. When such action is taken at a meeting of the stockholders, the same must be called by the board of directors and notice must be given by publication in a newspaper published in the county where the principal place of business of the corporation is located; provided, however, where the articles of incorporation provide for two or more kinds of capital stock, no increase or reduction shall be made without the consent of two-thirds of all the subscribed stock, and in making such increase or reduction the assent shall identify the particular class or classes of stock to be increased or reduced and the amounts apportioned to each. The notice must specify the object of the meeting and the amount to which it is proposed to increase or diminish the capital stock and the time and place of holding the meeting, which latter must be at the principal place of business of the corporation, and at the building where the board of directors usually meet. The notice of the meeting must be published once a week for at least sixty days. In addition to the notice by publication, the secretary of the corporation must address a notice to each of the stockholders whose names appear on the company's books, at his place of residence, if known, and if not, then at the place at which the principal place of business of the corporation is situated, which notice shall be so mailed to said stockholders at least thirty days before the date appointed for such meeting. In lieu of such call for a meeting of stockholders and of such notice and publication of the same, and of a stockholders' meeting held in pursuance thereof, and of said vote thereat, representing two-thirds of the subscribed capital stock, any corporation may diminish its capital stock and also originally create its bonded indebtedness by a resolution adopted by the unanimous vote of its board of directors or trustees at a regular or at a special meeting called for that purpose, and approved by the written assent or assents of the stockholders holding two-thirds of the subscribed or issued capital stock, which assent or assents must be filed with the secretary of the corporation; or the secretary of the corporation must address by mail, postage fully prepaid, a copy of such resolution to each of the stockholders whose names appear upon the company's books as sufficiently addressed or identified, at his place of residence if known, and if not known, then at the place in which the principal place of business of the corporation is situated, which notice shall be so mailed

to such stockholders at least thirty days before the certificate hereinafter provided for is made and signed or filed, as hereinafter provided, and within that time any stockholder may file with such secretary his dissent in writing; and it is further provided that if at any time within said thirty days such written assent or assents of the stockholders holding all of the subscribed or issued capital stock be so filed with the secretary, then and at once and without further delay a certificate hereinafter provided for may be so made, signed and filed as hereinafter provided and with the same effect, but such capital stock cannot be diminished to an amount less than the indebtedness of the corporation, and no increase of capital stock or bonded indebtedness of the corporation can be made except at a meeting of the stockholders as in this section provided.

Upon such increase or diminution of the capital stock or creation or increase of the bonded indebtedness being made in accordance with the provisions of this section, there shall be made a certificate under the corporate seal and signed by the president and secretary of the corporation, or of each corporation acting in the premises, and a majority of the directors or trustees of such corporation, or each corporation so acting, showing compliance by such corporation, or each corporation so acting with the requirements of said laws named in said subdivisions, and the amount to which the capital stock has been increased or diminished, or the amount of the bonded indebtedness created, or to which the bonded indebtedness may have been increased, and the amount of stock represented at the meeting, and the total vote in the affirmative by which the same was accomplished, and the total vote in the negative; or, if such proceedings be had and taken under subdivision five of this section as to diminution of capital stock or the original creation of bonded indebtedness a like certificate shall be made and sealed and signed as aforesaid, showing the compliance by such corporation or by each corporation acting in the premises with the requirements of said subdivision fifth and the amount to which the capital stock has been diminished, or the amount of bonded indebtedness so originally created and the total amount of the stock represented by the said written assent or assents so filed with the secretary and the total amount of stock represented by the said written dissent or dissents so filed.

In case of a consolidated bonded indebtedness, each corporation which is a party thereto, shall cause to be made, signed, sealed and verified and filed as in this section provided, a separate certificate.

In all cases the certificates shall state the total number of subscribed or issued shares of the capital stock of the corporation or of each corporation respectively acting in the premises, and shall be verified by the oath of the said president, secretary or of the said respective presidents and secretaries. Said consolidated bonded indebtedness may be created or increased to an amount equal to the par or face value of the aggregate amount of the subscribed or issued capital stock of said two or more corporations and shall not exceed such aggregate amount. In each and every case the certificate must be filed in the office of the clerk of the county or the city or county where the original articles of incorporation of the corporation or corporations acting hereunder are filed and a certified copy thereof certified by such clerk shall be filed in the office of the Secretary of State; and thereupon the capital stock shall be so increased or diminished, or the bonded indebtedness or consolidated bonded indebtedness shall be decreased or increased accordingly, and said certificate or certificates so filed shall be, when such certified copy or copies are so filed, conclusive proof

of such increase or diminution of capital stock or such creation or increase of original or consolidated bonded indebtedness and the validity of each thereof. When the by-laws of a corporation prescribe the paper in which the notices of meetings of directors or trustees or stockholders are to be published, notice of publication herein provided for shall be published in such paper unless publication thereof shall have ceased (Laws of 1907, chap. 280).

The place of business may be changed, if desired, by amendment (C. C., sec. 321 a). If articles are filed in the wrong county in the first instance, the Code provides a means of remedying this. (See sec. 363.) The number of directors may be changed by a majority vote of the stockholders, whereupon a certificate must be filed relative to such change, in the same manner as in the case of original articles (Laws of 1905, chap. 392).

Application of La Société, etc., 123 Cal. 525; 56 Pac. 458.

23. **Annual License Tax.** — No corporation heretofore or hereafter incorporated under the laws of this State, or of any other State shall do or attempt to do business by virtue of its charter or certificate of incorporation in this State without a State license therefor (Laws of 1906, chap. 19).

It shall be the duty of every corporation incorporated under the laws of this State, and of every foreign corporation now doing business, or which shall hereafter engage in business in this State, to procure annually from the Secretary of State, a license authorizing the transaction of such business in this State, and shall pay therefor a license tax as follows:

When the authorized capital stock of the corporation does not exceed $10,000, the tax shall be $10; when the authorized capital stock exceeds $10,000, but does not exceed $20,000, the tax shall be $15; when the authorized capital stock exceeds $20,000, but does not exceed $50,000, the tax shall be $20; when the authorized capital stock exceeds $50,000, but does not exceed $100,000, the tax shall be $25; when the authorized capital stock exceeds $100,000, but does not exceed $250,000, the tax shall be $50; when the authorized capital stock exceeds $250,000, but does not exceed $500,000, the tax shall be $75; when the authorized capital stock exceeds $500,000, but does not exceed $2,000,000, the tax shall be $100; when the authorized capital stock exceeds $2,000,000, but does not exceed $5,000,000, the tax shall be $200; when the authorized capital stock exceeds $5,000,000, the tax shall be $250. Said license tax or fee shall be due and payable on the 1st day of July of each and every year to the Secretary of State, who shall pay the same into the State Treasury. If not paid on or before the hour of four o'clock P. M., of the 1st day of September next thereafter, the same shall become delinquent and there shall be added thereto, as a penalty for such delinquency the sum of $10. The license tax or fee hereby provided authorizes the corporation to transact its business during the year or for any fractional part of such year in which such license tax or fee is paid. "Year" within the meaning of this act means from and including the 1st day of July to and including the 30th day of June next thereafter (Laws of 1907, chap. 347).

The Secretary of State shall, on or before the 15th day of September of each year, report to the governor of the State a list of all corporations which have become delinquent as provided in sec. 2 of this act, and the governor shall forthwith issue his proclamation declaring under this act, that the charters of such delinquent corporations will be forfeited unless payment of said license tax together with the penalty for such delinquency, as hereinbefore provided,

be made to the Secretary of State on or before the hour of four o'clock P. M., of the 30th day of November next following (Laws of 1906, chap. 19). Said proclamation shall be filed immediately in the office of the Secretary of State, and said Secretary of State shall immediately cause a copy of said proclamation to be published in one issue of two daily newspapers to be selected by the governor (Laws of 1906, chap. 19).

At the hour of four o'clock P. M., of the 30th day of November each year, the charters of all delinquent domestic corporations which have failed to pay said license tax together with said penalty for such delinquency shall be forfeited to the State of California and the right of all delinquent foreign corporations to do business in this State, which have failed to pay said license tax, together with the penalty for such delinquency shall be likewise forfeited (Laws of 1906, chap. 19; see also Laws of 1907, chap. 403).

When certified copy of articles of incorporation of any corporation are filed on or between the 1st day of July and the following 1st day of December in any year, there shall be paid, in addition to all other fees required by law to be paid to the Secretary of State, the sum of $20, which shall be received and license receipt issued in full of the license tax payable under this act for the then current year (Laws of 1906, chap. 19).

24. **Extension of Corporate Existence.** — Every corporation may at any time prior to the expiration of the term of its corporate existence, extend such term to a period not exceeding fifty years from the date of such extension. An extension must be voted for at a meeting of the stockholders, called by the directors expressly for that purpose, and two-thirds of the stockholders must vote in favor thereof. Or, in lieu of a meeting, it may be made upon the written assent of stockholders representing two-thirds of the capital stock. The certificate of such vote or assent shall be signed and sworn to by the secretary or treasurer and by a majority of the directors of the corporation and filed in the office of the county clerk where the original articles of incorporation were filed, and a copy, certified by said clerk shall be filed in the office of the Secretary of State (C. C., sec. 4010, as amended by Laws of 1907, chap. 274).

25. **Dissolution.** — The dissolution of a corporation is effected by a decree of the Superior Court of the county where the principal place of business of the corporation is situated, upon action previously had at a meeting of the stockholders called for that purpose, whereat the dissolution of the corporation was resolved by a vote of two-thirds of the holders of the subscribed capital stock. The application must also show that all claims and demands against the corporation have been satisfied and discharged. Upon filing of the application the clerk must give notice of the same for such time as the court may order, and not less than thirty, nor more than fifty days, by publication in some newspaper published in the county where the corporation has its principal place of business. The application for dissolution must be signed by a majority of the board of directors or other officers having the management of the affairs of the corporation (Code of Civ. Proc., secs. 1227–1234; Laws of 1905, chaps. 348, 416; Laws of 1907, chap. 254).

After the time of publication has expired the court may, upon five days' notice to the persons who have filed objections, or without further notice if no objections have been filed, proceed to hear and determine the application, and if all the statements therein made are shown to be true, must declare the corporation dissolved. A certified copy of the decree and order of the court dissolving the corporation must be filed in the office of the Secretary of State

(Laws of 1907, chap. 401). (As to involuntary dissolution, see Code of Civ. Proc., sec. 812, etc.)

26. **Foreign Corporations.** — Foreign corporations must at the time they file application for a permit to do business within the State file in the office of the Secretary of State a designation of some person residing within the State upon whom service of process may be made. Unless such designation is made the right to maintain or defend actions in the courts is denied to the corporation. The corporation must also file in the office of the Secretary of State a certified copy of its articles of incorporation or of the statute or governmental act creating it, and a certified copy thereof duly certified by the Secretary of State of California must likewise be filed in the office of the county clerk of the county where its principal place of business is located and also where such corporation owns property. For filing such certified copy in the office of the Secretary of State the same fees must be paid as are paid by domestic corporations of like capitalization upon organization. Failure to comply with the law subjects the corporation to heavy penalties (Laws of 1905, chap. 471; Laws of 1907, chap. 283). Foreign corporations are also subject to the payment of the same annual license tax as domestic corporations (Laws of 1906, chap. 19; Laws of 1907, chap. 347; Laws of 1907, chap. 403). Stockholders in foreign corporations doing business in the State are liable to the same extent as stockholders in domestic corporations (Laws of 1905, chap. 386). The fee for filing notice of appointment of agent is $5 (Laws of 1905, chap. 467). The filing and recording fees are otherwise the same as are imposed upon domestic corporations. The right to cumulate votes in the election of directors is made applicable to foreign corporations (Laws of 1903, chap. 215).

Thomas *v.* Company, 65 Cal. 600; 4 Pac. 641; Pinney *v.* Nelson, 183 U. S. 144; 22 Sup. Ct. 52.

COLORADO.

(The references cited below are to Mills' Annotated Statutes, 1905 Edition, unless otherwise stated.)

1. **Character of the Law under which Business Corporations may incorporate.** — The Business Corporation Act of Colorado is found in Mills' Annotated Statutes of Colorado, secs. 472 *et seq.* Special acts are provided for the incorporation of railways, banks, trust companies, deposit, surety, title, guaranty, insurance, toll road, ditch, bridge and ferry, telegraph, telephone, gas, and electric companies.

2. **Incorporators.** — Three or more. There are no residential requirements (Mills, sec. 473).

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — The name must commence with the word "the" and end with the word "corporation," "company," "association," or "society," and must indicate the business to be carried on. Similarity of names is forbidden (Mills, secs. 472, 475, 625).

b. Purposes. — The statute clearly contemplates that corporations may be organized for any number of purposes not covered by the special acts. It should be remembered in this connection that this clause cannot be changed by amendment after incorporation (sec. 477).

c. Capital Stock. — The amount of the capital stock. This may be any amount. In the case of a mining company the article should state whether the stock is non-assessable or assessable (Mills, sec. 581).

d. Duration. — Must not exceed twenty years.

e. Number and Par Value of Shares. — The par value of shares must not be less than $1 nor more than $100.

f. Directors. — The number of directors must not be less than three nor more than thirteen. In the case of mining companies and banks the number must not exceed nine (secs. 512, 585).

g. Names of First Board of Directors. — This board, under the statute, has control of the affairs of the company for the first year of its existence.

h. Domiciliary Office. — The name of the town and county in which the principal office of the company shall be kept.

i. Place for the Transaction of Business. — Name of the county or counties in which the principal business shall be carried on. When the corporation is to carry on part of its business without the State, the certificate must state that fact, and also state the name of the town and county in Colorado in which the principal office shall be kept, and also state the names of the counties in which the principal business of the corporation is to be carried on within the State.

j. By-Laws. — To directors may be delegated the right to make by-laws if so desired, otherwise the stockholders must adopt the by-laws.

k. Directors' Meetings. — If it is desired to hold directors' meetings without the State, this right should be reserved in the certificate (Mills, sec. 473).

Schroers *v.* Fisk, 10 Col. 599; 16 Pac. 285; Duggan *v.* Company, 11 Col. 113; 17 Pac. 105; Humphreys *v.* Mooney, 5 Col. 293; People *v.* Cheeseman, 7 Col. 376; 3 Pac. 716; D. & S. Ry. Co. *v.* D. C. Ry. Co., 2 Col. 673; G. R. B. Co. *v.* Rollins, 13 Col. 4; 21 Pac. 897; Jones *v.* Company, 21 Col. 263; 40 Pac. 457; Tabor *v.* Bank, 62 Fed. 383.

4. **Statutory Powers.** — The main statutory powers are what are known as the common law powers belonging to all business corporations (Mills, sec. 476). Corporations have, however, the following extraordinary powers in Colorado: To consolidate with another corporation when, by a vote of at least three-fourths of the stock of each company severally had, the proposition shall be approved. The method of consolidation is pointed out in detail in the statute (Mills, secs. 625, 628). The statute contains one express limitation upon the powers of corporations, which may be enumerated as follows: They are forbidden to use any of the corporate funds for the purchase of their own stock except such as may be forfeited for the non-payment of assessments thereon (Mills, sec. 485). Manufacturing and mining companies cannot encumber their plant or mines or machinery without the vote of a majority of the stockholders (3 Mills, sec. 481). Cumulative voting for directors is permitted; also voting by proxy (Laws of 1895, pp. 150–152, sec. 1; Laws of 1891, p. 93, sec. 4; see also Laws of 1903, p. 158).

Jones *v.* Hardware Co., 21 Col. 263; 40 Pac. 457; Spangler *v.* Butterfield, 6 Col. 356; Carpenter *v.* People, 8 Col. 116; 5 Pac. 828; Mining Co. *v.* Bank, 2 Col. 248; City of Pueblo *v.* Company, 28 Col. 524; 67 Pac. 162.

5. **Procuring the Charter.** — The certificate must be signed and acknowledged by each of the incorporators. In practice it is well to execute a sufficient number of original certificates so as to permit the filing of one original in every county where the business of the corporation is to be carried on, as well as in the office of the Secretary of State. As soon as the certificate has been filed in the office of the recorder of deeds in each of the counties in which the principal place of business shall be carried on, as well as in the office of the Secretary of State, the corporate existence commences (secs. 473–475). The Secretary of State issues a certificate of authority to transact business as a corporation within the State. The president and a majority of the directors, after the last instalment of stock is paid in, must make a certificate stating the amount of the capital so fixed and paid in, which certificate shall be signed and sworn to by the president and a majority of the directors and must be recorded in the same offices where the certificate of incorporation is recorded (Mills, secs. 487, 491). There is no penalty by law for failure to file the certificate of full paid stock.

Austin *v.* Berlin, 13 Col. 198; 22 Pac. 433; Cook *v.* Merritt, 15 Col. 212; 25 Pac. 176; Matthews *v.* Patterson, 16 Col. 215; 26 Pac. 812; F. M. & Co. *v.* MacLeod, 8 Col. App. 190; 45 Pac. 282.

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of indebtedness which a corporation may incur.

7. **Organization Fee.** — There must be paid to the Secretary of State $20 for filing the certificate of incorporation of companies with a capitalization of not more than $50,000, and for every thousand dollars in excess of $50,000 an organization tax of 20 cents per thousand is exacted (Laws of 1901. chap. 52, sec. 1).

Jones *v.* Company, 21 Col. 263; 40 Pac. 457.

8. **Filing and Recording Fees.** — There are no fees due the Secretary of State for filing articles of incorporation other than payment of the organization tax. For certified copy of articles of incorporation, 15 cents per folio of one hundred words, and $1 for seal. For issuing certificate of authority showing that all fees prescribed by law have been paid, $5; for filing and recording impression of the corporate seal, $2.50; for filing certificate of payment of stock, $2.50 and upwards, according to capitalization; if capitalization exceeds $50,000, the fee is 5 cents per $1,000 of stock in excess thereof. Fee for filing

annual report, $1 where capitalization is $10,000 or less; where it exceeds that amount it is $5. With regard to fees of county recorder, wherein articles of incorporation are required to be filed, the counties are graded for fee purposes. The filing fee there ranges from 10 cents to 25 cents. If the articles are recorded, the fee ranges from 50 cents to $2 (Laws of 1901, pp. 116–121, secs. 1–10; Session Laws of 1907, chap. 182).

9. **Commencing Business.** — Corporations may begin business as soon as their certificates have been filed, State fees paid, and certificate of payment thereof issued (Laws of 1901, chap. 52, sec. 1).

10. **Organization Meeting.** — The incorporators should sign a written agreement fixing the time and place within the State for the organization of the corporation. The incorporators may be represented by proxy if desired. If the certificate of incorporation does not bestow upon directors the right to make by-laws, the stockholders should adopt by-laws themselves. Immediately after the adjournment of the stockholders' organization meeting (if any is held), the board of directors named in the certificate of incorporation should meet and elect the officers of the corporation, receive and act upon an offer to transfer property for stock, etc., and adopt by-laws. The statutory officers are a president, who must be chosen from among the directors, and such subordinate officers as the company may by its by-laws designate.

Humphreys *v.* Mooney, 5 Col. 283.

11. **Meetings of Stockholders and Directors.** — Meetings of the stockholders must be held at the office of the company within the State. Directors' meetings may be held without the State only by making provision therefor in the certificate of incorporation (Mills, secs. 481, 493).

Humphreys *v.* Mooney, 5 Col. 283; Jones *v.* Pearl M. Co., 20 Col. 417; 38 Pac. 700; Cook *v.* Hager, 3 Col. 386; Utlay *v.* Company, 4 Col. 371.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must not be less than three nor more than thirteen directors, all of whom must be stockholders. In case of mining companies and banks not more than nine are permitted. There are no residential requirements (Mills, sec. 481; see also Mills, sec. 585; Laws of 1895, pp. 150–152, sec. 1).

b. Liabilities. — Assenting directors are jointly and severally liable for the declaration and payment of dividends which render it insolvent or which decrease the amount of its capital stock. The extent of the liability is for all debts of the corporation then existing and for all that shall thereafter be contracted while the capital remains so diminished (Mills, sec. 492). They are also liable for failure to file annual reports (Laws of 1901; 3 Mills, sec. 491 j). However, as the failure to file the annual report fixes directors and officers with the liability for debts as stated, and as this annual report must be filed whether the stock has been fully paid and certificate to that effect made or not, it would appear that the failure to make a certificate as to full payment of stock is in itself immaterial. It is made a misdemeanor for directors to fail to properly keep, and, on demand of parties entitled to the same to permit inspection of, corporate books (sec. 488 to 508).

Nix *v.* Miller, 26 Col. 203; 57 Pac. 1034; Austin *v.* Berlin, 13 Col. 198; 22 Pac. 433; Matthews *v.* Patterson, 16 Col. 215; 26 Pac. 812; Larsen *v.* James, 1 Col. App. 313; 29 Pac. 183; Gregory *v.* Bank, 3 Col. 322; Col. Fuel Co. *v.* Lenhart, 6 Col. App. 511; 41 Pac. 634; Cook *v.* Merritt, 15 Col. 212; 25 Pac. 176.

13. **Stockholders' Liabilities.** — Stockholders are liable for corporate debts to the extent of their unpaid subscriptions to the corporate stock (Mills, sec. 486).

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by such officers as the by-laws shall prescribe. The par value of stock certificates must not be less than $1 nor more than $100 (Mills, sec. 480).

15. **Preferred Stock.** — The issuance of preferred stock is not expressly authorized by statute.

16. **Payment of Capital Stock.** — The corporation may purchase mines, manufactories, and other property necessary for the corporate business, and issue stock to the amount of the value thereof in payment therefor. Stock so issued shall be declared full paid stock and not liable to any further assessments. Neither shall the stockholders be liable to any further payments therefor. The constitutional provision (Cons., Art. XV. sec. 9) is that no corporation shall issue stock or bonds except for labor done, service performed, or money or property actually received (Mills, sec. 618).

17. **Books.** — The directors are required to keep at the principal office or place of business within the State correct books of account. These books shall be open to the inspection of stockholders at any time. In addition to the foregoing a stock register must be kept containing the names and residences of the stockholders, the number of shares held by them, the time when they became or ceased to be stockholders, and the amount of stock actually paid in and what proportion has been paid in cash. This book is open to the inspection of stockholders and creditors during business hours (Mills, sec. 488; 3 Mills, sec. 508; Laws of 1903, chap. 77).

18. **Office.** — The corporation must maintain an office within the State (Mills, sec. 473).

19. **Reports.** — Annually within sixty days from January 1st, reports must be filed with the Secretary of State, covering the names and residences of officers and directors, the amount of capital stock fixed, and the proportion paid in; a statement of the manner of the payment of capital stock, a statement that the company is or is not engaged actively in business within the State, and other information necessary to show the financial condition of the company. Also the amount of indebtedness of the company at the date of the filing of the report. (Mining, ditch, and power companies must include other statements.) In case of failure to file such report the officers and directors become liable for corporate indebtedness contracted during the preceding year, or while such default continues (3 Mills, sec. 491 j). A report of particulars of financial condition must also be made to the State Board of Assessors, and filed before June 1st, under penalty of $100 per day for default (Laws of 1902, pp. 71–73, sec. 63).

20. **Anti-Trust Statute.** — There is no anti-trust statute.

21. **Statutory Grounds for Forfeiture of Charter.** — Failure to pay annual license tax subjects the corporation to the penalty of forfeiture of its right to do business in Colorado until such tax is paid (Session Laws of 1907, chap. 211). *Quo warranto* lies for failure to pay fees on issuance of stock (sec. 491 b; Cons., Art. XV. sec. 3).

22. **Amendments.** — Corporations may amend their articles of incorporation in any manner provided that thereby they do not so change such articles as to work a change in the object or purposes for which such corporation was originally organized. All proposed amendments must be voted upon by the stockholders either at their regular annual meeting or at a special meeting; provided the published notice of such annual meeting required by law and by the by-laws of the corporation shall have contained a notice of such proposed

amendment giving the purport of the same, and that it would be presented and acted upon at such meeting, and provided further that if such amendment is to be voted upon at a special meeting the same shall be called by order of the board of directors, and that notice thereof shall have been given as required by the by-laws of the corporation and by delivering personally or depositing in the post-office, at least thirty days before the time fixed for such meeting, a notice properly addressed to each stockholder, signed by the president or other head officer or the secretary, stating the time and object of such meeting, and that the same will be held at the place appointed by said board and designated in such notice, and as provided in sec. 347 of the General Statutes of Colorado. The act also provides that a meeting of the stockholders to vote upon the proposed amendment shall be called by the president or other head officer upon the written request of the holders of one-third in amount of the subscribed capital stock. Upon such request the president must call together the board of directors and present such request to them, and thereupon it shall be the duty of the board of directors to call a special meeting of the stockholders for the purpose of considering such proposed amendment for a time not less than thirty nor more than sixty days thereafter, which meeting shall be called by delivering personally or depositing in the post-office, at least thirty days before the time fixed for such meeting, a notice properly addressed to each stockholder, signed by the president or other head officer or secretary, stating the time and object of such meeting, which shall be held at the place appointed by the said board and designated in such notice. If at such stockholders' meeting the amendment shall receive the vote of two-thirds of all the subscribed capital stock, it shall be deemed adopted, and a certificate setting forth the fact or facts, signed by the president or other head officer of such corporation, and verified by his affidavit and attested by the secretary thereof with the seal of the corporation thereunto affixed, shall be filed for record with the Secretary of State, and a like certificate shall be filed in the office of the recorder of each county wherein the original articles of incorporation were filed. Thereafter such amendment or amendments shall be in full force and effect to the same extent as if the same had been included in the original articles of incorporation (3 Mills, secs. 477 to 479 inclusive, as amended by Session Laws of Colorado, 1907, chap. 138).

23. **Annual Franchise Tax.** — All domestic corporations must on or before the 1st day of May of each year pay an annual State corporation license tax to the Secretary of State in the amount of 2 cents upon each $1,000 of its capital stock (Session Laws of 1907, chap. 211).

24. **Extension of Corporate Existence.** — Stockholders owning at least ten per cent of the entire capital stock of the corporation have the right to call a special meeting of the stockholders to vote upon the question as to whether the corporate existence shall be extended beyond the limit prescribed in the original articles. Notice of such meeting must be given by publication for four successive weeks by mailing notice thereof to each stockholder at least thirty days prior to the time fixed for the meeting. A majority of the entire capital stock issued and outstanding must be represented thereat. If such majority votes in favor of renewal, the president and secretary shall under the seal of the company certify to that fact, and shall file one certificate in the office of the recorder of deeds in each county wherein the company may do business, and one in the office of the Secretary of State. Thereupon the corporate life of such corporation shall be renewed for another term of twenty years. The Secretary

of State is entitled to charge the same fees as are provided by law for filing in his office new certificates of incorporation (Laws of 1905, chap. 87).

Pratt *v.* Company, 1 Col. Dec. Supp. 171.

25. **Dissolution.** — If all debts are paid, a company may be dissolved by the vote of two-thirds of the outstanding stock at a meeting of the stockholders called for that purpose. A certificate of such dissolution must be filed and likewise published (3 Mills, sec. 619 a; see special act relative to conspiracies to bring about receiverships, Session Laws of 1907, chap. 152).

26. **Foreign Corporations.** — A foreign corporation desiring to do any business, institute or defend actions, or hold property within the State is required to file with the Secretary of State a copy of its charter, or of its certificate of incorporation, duly certified and authenticated by the proper authority from the State from which the charter issues. It must also file a certificate, signed and acknowledged by the president and secretary, with the Secretary of State and in the office of the recorder of deeds of the county or counties in which it proposes to carry on its business within the State, designating the principal place wherein the business of said corporation is to be carried on in the State, and appointing an agent at this principal place of business upon whom process may be served. The preliminary fee for foreign corporations seeking to obtain a permit to do business within the State is one-half more than for filing original certificates of domestic corporations. The same annual license tax is imposed upon foreign corporations as is imposed in the case of domestic corporations, to wit, 2 cents upon each $1,000 of its capital stock (Session Laws of 1907, chap. 211). Foreign corporations must also file annual reports. The filing fees for foreign corporations in the Secretary of State's office are as follows: Where capitalization is $50,000 or under, $30; where it exceeds that amount, the fee is 30 cents on each additional thousand dollars of capital stock. The same fees are payable on any increase of capital stock. For filing copies of laws of foreign States the fee is $5; for filing certificate designating agent, $5.

Miller *v.* Williams, 27 Col. 34; 59 Pac. 740; Keghart *v.* People, 28 Col. 73; 62 Pac. 946; Iron Silver Mining Co. *v.* Cowie, 31 Col. 450; 72 Pac. 1067.

CONNECTICUT.

(The references cited below are to the Session Laws of 1903, chap. 194, unless otherwise stated.)

1. **Character of the Law under which Business Corporations may incorporate.** — The corporation laws of Connecticut, including the Corporation Act of 1901 (General Statutes, 1901, chap. 157), have been entirely revised. The provisions of the Act of 1901 have been repealed, and the revised law — Laws of 1903, chap. 194 — has been substituted therefor. Special acts are provided for the incorporation of banking, trust, building and loan, insurance, surety, railway, street railway, telephone, telegraph, gas, electric light, and water companies. Corporations may, however, be incorporated for the purpose of transacting any of the said lines of business just enumerated in any other State or foreign country if not prohibited by the laws of such State or foreign country (sec. 62).

2. **Incorporators.** — Three or more. There are no residential requirements (sec. 62).

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — The name of every corporation shall be such as to distinguish it from any other corporation organized under the laws of this State, and from any other corporation engaged in the same business or promoting or carrying on the same purposes in this State, and such name shall be in the English language, and shall begin with "the" and end with "company" or "corporation," or have the word "incorporated" immediately after or in the same. Every corporation shall be located in some town in the State (Public Acts of 1907, chap. 155).

b. Domiciliary Office. — The name of the town in the State in which the corporation is to be located (sec. 63; Public Acts of 1907, chap. 155.

c. Nature of the Business to be transacted or the Purposes to be promoted or carried out. — The statute clearly contemplates that corporations may be organized for any number of purposes not covered by the special acts (sec. 63).

d. Capital Stock. — The amount of the total authorized capital stock, which shall not be less than $2,000; also the number of shares into which the same is divided, which shall not be less than $25. If there be more than one class of stock, a description of the general classes with the terms upon which they are respectively created (sec. 63).

e. Commencing Business. — Amount of capital stock with which the corporation shall begin business, which shall not be less than $1,000 (sec. 63).

f. Duration. — The period, if any, limited for the duration of the corporation. The charter may be perpetual if desired (sec. 63).

g. Regulation of Internal Affairs. — There may also be inserted any lawful provisions which the incorporators may choose to insert for the regulation of the business of the corporation, or for defining or limiting the powers of the corporation, its officers, directors, or any class of stockholders (sec. 64).

4. **Statutory Powers.** — In addition to the statutory enumeration of the powers of corporations (Laws of 1903, chap. 194, sec. 3) corporations have the following extraordinary powers: To carry on their business in any State or Territory of the United States or in any foreign country. To share profits with

employees. To acquire its own stock. To voluntarily dissolve itself. To mortgage real and personal estate, including its franchises, and issue promissory notes, bonds, or other evidences of indebtedness. To issue one or more classes of stock. To consolidate with another corporation engaged in the same or similar line of business. To enforce a lien upon corporate stock for all debts, including assessments. To appoint an executive committee from the board of directors. To vote by proxy and to purchase and to hold the stock of other corporations. To cumulate votes in the election of directors by making provision therefor in the certificates of incorporation (Laws of 1903, chap. 194, secs. 3, 4, 9, 11, 21, 25, 27, 59, 75; Laws of 1905, chaps. 166, 171).

5. **Procuring the Charter.** — The certificate must be signed and sworn to by each of the incorporators and must be filed in the office of the Secretary of State, who shall examine the same, and if he finds that it conforms to the law, and that the organization tax has been paid, shall endorse thereon the word "approved," with his name and official title, and shall thereupon record such certificate in a book kept by him for that purpose (sec. 60). The law provides that the corporate existence shall begin upon the approval of such certificate by the Secretary of State (sec. 65). After such approval and until the directors shall be elected, the incorporators shall be given charge of the affairs of the corporation and may take such steps as are necessary or proper to obtain subscriptions to its stock (secs. 66 and 67).

S. G. & P. Co. *v.* Scholfield, 70 Conn. 500; 40 Atl. 182.

6. **Corporate Indebtedness.** — There is no limitation upon amount of corporate indebtedness.

7. **Organization Tax.** — Fifty cents on every thousand dollars of its capital stock up to $5,000,000. Beyond that amount 10 cents upon every thousand dollars of excess. The minimum fee, however, is $25 (sec. 61).

8. **Filing and Recording Fees.** — To the Secretary of State, $1 for filing certificate of incorporation, and for recording the same $1 for two pages or less, and for each additional page at the rate of 50 cents per page. For filing certificate of organization, $1, and for recording the same $1 for two pages or less, and for each additional page at the rate of 50 cents per page. For preparing certified copy of certificate of incorporation, 50 cents for each page, but in no case less than $1.50. For filing annual reports, $1. For preparing forms for certificates and reports of corporations, for recording the same and for copies of certificate, 50 cents for each page, but in no case less than $1. For filing copy of charter or certificate of organization of foreign corporation, $10; for filing statement required from such corporation, $5; for secretary's certificate with the State's seal impressed thereon, 50 cents. For filing appointment of Secretary of State as attorney for such corporation, $1; for filing annual report and certified copy thereof, $2.50; for recording certificate of incorporation in local county office, $1.

9. **Commencing Business.** — A corporation cannot commence business until the amount of capital specified in the certificate of incorporation as the amount with which it will begin business has been paid in, nor until its directors and officers have been duly elected and its by-laws adopted, nor until a majority of its directors have caused to be filed with the Secretary of State a certificate of organization setting forth (1) The amount of each class of stock subscribed for. (2) The amount paid thereon in cash. (3) The amount paid thereon in property other than cash. (4) The amount paid on each share of stock which

has not been paid in full. (5) The names and residences of each of the original subscribers with the number and class of shares subscribed for by each. (6) That the officers and directors of the corporation have been duly elected and its by-laws adopted. (7) The names, residences, and post-office addresses of each of the officers and directors. (8) The location of its principal office in this State with the street number, if any, thereof, and the name of the agent or person in charge thereof upon whom process against the corporation may be served (Laws of 1905, chap. 267). Unless a certificate of organization is filed within two years after the filing of the certificate of incorporation, such certificate of incorporation shall be void. The Secretary of State must approve the certificate of organization before filing (sec. 69, Laws of 1905, chap. 267). No corporation can commence business until a copy of the certificate of incorporation, duly certified by the Secretary of State, shall have been duly filed and recorded in the office of the town clerk of the town where the corporation is to be located (sec. 60). (As to preliminaries necessary to be observed to secure permit to sell stock of oil and mining companies, see Laws of 1903, chap. 196.)

10. **Organization Meeting.** — A majority of the incorporators may call the organization meeting at such time and place as may be designated by a notice published twice at least seven days before the time designated in a newspaper in the State having circulation in the town in which the corporation is located, and such notice may be waived by a writing signed by all the subscribers to the stock, and a majority of the incorporators, specifying the time and place for such meeting. When the meeting is held, the subscribers for the stock, who may be present in person or be represented by proxy, must choose a temporary clerk, and proceed to the election by ballot of three or more directors who are subscribers to the capital stock, and shall adopt by-laws for the regulation of the affairs of the corporation. Immediately upon the adjournment of the organization meeting of the incorporators the directors should meet and organize by choosing from among their number a president, and shall appoint a treasurer and secretary, and such other officers as the by-laws shall prescribe. The same person may fill the offices of president and treasurer or of secretary and treasurer (secs. 67–71 inclusive).

11. **Meetings of Stockholders and Directors.** — Meetings of stockholders must be held at the office of the company within the State. Directors' meetings may be held without the State by making provision therefor in the by-laws or by the consent of all the directors. Cumulative voting is permitted if provision is made therefor in the certificate of incorporation (secs. 3, 22; Laws of 1905, chap. 171).

McCall *v.* Company, 6 Conn. 428.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors, who must be stockholders. There are no residential requirements. They may be divided into classes if desired (secs. 10, 68). The board of directors may appoint an executive committee if they see fit (sec. 10). May adopt by-laws subject to those adopted by the stockholders.

b. Liabilities. — Every director voting for a dividend or other distribution of assets, except from the net profits or actual surplus of the corporation, is liable to a fine of not more than $500. If such payment or distribution leaves the company insolvent, the directors so voting shall be jointly and severally liable to the amount so paid or distributed to any creditors existing at the date of such voting which shall have obtained judgment against such corporation

and on which execution shall have been returned unsatisfied. Where the directors concur in a fraudulent overvaluation of property taken in exchange for stock of the corporation, they are jointly and severally liable to the corporation for the amount of the difference between the actual value of any property so accepted in payment at the time of such indebtedness and the amount for which it is received in payment (secs. 5, 12).

Davenport *v.* Lines, 72 Conn. 118; 44 Atl. 17.

13. **Stockholders' Liabilities.** — Stockholders, whether original subscribers or not, are liable for any balance due on the stock held by them. After the par value of their stock has been paid they are not liable for any further assessments. They are liable for causing insolvency by illegally reducing stock (secs. 6, 16).

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him under the seal of the corporation signed by the president or vice-president and by the secretary or assistant secretary or treasurer or assistant treasurer. The par value of stock certificates must not be less than $25 (secs. 15, 17, 63).

15. **Preferred Stock.** — Special authority to issue preferred stock is given by statute if provision is made therefor in the certificate of incorporation. The terms upon which such preferred stock is issued must be stated in the certificate of incorporation (sec. 63; see also sec. 25).

16. **Payment of Capital Stock.** — Stock may be paid for either in cash or in property. If not paid for in cash, a majorty of the directors shall make and sign upon the corporate records a statement showing the property received in payment for stock and that it has an actual value equal to the amount for which it was so received. The judgment of the directors as to the value of the property upon this subject is made final. But the directors concurring in the judgment of such valuation, in the case of fraud in the overvaluation of such property, are jointly and severally liable to the corporation for the difference between the actual value of such property so accepted in payment and the amount for which it is received in payment (sec. 12).

17. **Books.** — The stock book or duplicate thereof, containing the names and addresses of the stockholders and the number of shares held by them, shall at all times during the usual hours of business be open to the examination of every stockholder at its principal office and place of business in the State. If a creditor makes an affidavit that he is a creditor of the corporation, the person in charge of the stock books is obliged to furnish him information as to the number of shares held by such stockholder in any corporation (secs. 18, 39).

Heminway *v.* Heminway, 58 Conn. 443; 19 Atl. 766.

18. **Office.** — The corporation must maintain an office within the State (sec. 63).

19. **Reports.** — The president, or, in case of his absence or disability, the secretary and treasurer must annually, on or before the 15th day of February or August, make, sign, swear to, and file in the office of the Secretary of State a certificate setting forth as of the 1st day of January or July immediately preceding: the name, residence, and post-office address of all the officers and directors; amount of outstanding capital stock which has not been paid for in full, with the amount due thereon; location of the principal office within the State, with the street number if there be any, and the name of the person in

charge thereof upon whom process against the corporation may be served (sec. 37, as amended by Public Acts of 1907, chap. 27). A certified copy of said certificate must be recorded in the office of the town clerk of the town in which said corporation is located (sec. 37). Every corporation may at any meeting duly held for that purpose empower its directors to issue shares of its unissued authorized capital stock. At the time of the filing of its next annual report, after the issue of any such shares, a majority of the directors shall make and file a certificate setting forth the facts relating to such issue similar to the facts relative to the original issue of stock required to be set forth under the certificate of organization (sec. 71).

20. **Anti-Trust Statute.** — There is no anti-trust affidavit in force in Connecticut.

21. **Statutory Grounds for Forfeiture of Charter.** — The grounds for proceedings in the nature of *quo warranto* against corporations are to be found in the Statutes of Connecticut 1887, secs. 1296–1302 inclusive. Unless the certificate of organization is filed within two years after the filing of the certificate of incorporation, it is void (Laws of 1905, chap. 267).

Pearce *v.* Olney, 20 Conn. 544; Hart *v.* Company, 40 Conn. 524.

22. **Amendments.** — Articles may be amended before commencing business in any respect desired, provided that the subject matter of such changes could have been inserted in the original certificate of incorporation. No change, alteration, or amendment shall be valid unless approved in writing by all of the subscribers to the capital stock of such corporation, nor unless a certificate setting forth such amendments, changes, or alterations and stating the same has been duly approved by the subscribers, shall be made, acknowledged, and filed by all of the incorporators both in the office of the Secretary of State and in the office of the town clerk of the town where the corporation is to be located (sec. 73).

Every corporation may change its name, nature of its business, and its location; may increase or reduce the amount of its authorized capital stock; may create one or more classes of stock; may make such other amendments in its certificate of incorporation as may be desired, provided that the subject matter thereof could have been lawfully inserted in the original certificate of incorporation. No such amendments shall be valid unless approved by the vote of two-thirds of the outstanding capital stock of each class at a meeting of the stockholders duly called to consider such amendment, nor unless a certificate setting forth such amendments and stating the same have been duly adopted by the stockholders, shall be made and filed with the Secretary of State by a majority of the directors (sec. 74).

N. H. & D. Ry. Co. *v.* Chapman, 38 Conn. 56.

23. **Annual Franchise Tax.** — There is no annual franchise tax (sec. 61).

24. **Extension of Corporate Existence.** — There is no provision for extension of corporate existence.

25. **Dissolution.** — The franchises may be surrendered at any time before any part of subscriptions are paid and business begun. Whenever directors of a corporation shall vote to terminate its corporate existence, they shall forthwith call a special meeting of the stockholders, to be held not less than thirty nor more than forty days after the date of such calling. Such call shall contain a copy of such vote, and shall be published once a week for four weeks next preceding such meeting in a newspaper of the State having a circulation in the

town where such corporation is located, and a copy thereof shall be sent by mail to the last known address of each stockholder. If at said meeting of the stockholders three-fourths in interest of each class of stock issued shall vote to confirm such vote of the directors, the directors shall proceed forthwith to wind up the affairs of the corporation. If every stockholder shall sign and acknowledge an agreement among stockholders that the corporate existence of such corporation shall be terminated, the vote of the directors and the confirming vote of the stockholders may be dispensed with (sec. 29). Whenever the stockholders shall by vote or written assent agree to the dissolution of a corporation, a majority of the directors shall make, sign, and swear to and file in the office of the Secretary of State a certificate that such stockholders' vote has been duly passed or such assent duly given, and stating the address to which all claims against such corporation may be sent, and such secretary shall thereupon record such certificate in a book kept by him for that purpose. When the directors have completed their duties as trustees, for the purpose of winding up the affairs of the corporation, a majority of them shall make, sign, and swear to and file in the office of the Secretary of State a further certificate stating that the directors have completed their duties in winding up the affairs of such corporation and have sold or collected all its assets and distributed the same, stating the manner of such distribution. The Secretary of State shall examine the same, and if he finds it conforms to law, shall endorse his approval thereon, and shall thereupon record such certificate. When such certificate has been approved by the Secretary of State, the existence of such corporation shall terminate (sec. 34). The minority stockholders owning one-tenth of the capital stock may petition the court for dissolution (Laws of 1905, chap. 121).

26. **Foreign Corporations.** — Before a foreign corporation can transact business in the State it must file in the office of the Secretary of State a certified copy of its charter or certificate of incorporation, together with a statement signed and sworn to by its president and a majority of directors, showing the amount of its authorized capital stock and the amount thereof which has been paid in, and if any part of such payment has been made otherwise than in cash such statement shall state forthwith the particulars thereof (Public Acts of 1907, chap. 60). They must also appoint, in writing, the Secretary of State to be their attorney, upon whom process may be served (secs. 83 to 85 inclusive). Foreign corporations are required to file annual reports similar to those required of domestic corporations. The fee for filing certified copy of the charter is $10, and a further fee of $5 is charged for filing the statement required by law (secs. 80 to 88 inclusive). For filing appointment of Secretary of State as attorney, $1. Charge for filing annual report and making certified copy thereof for purpose of filing the same with the town clerk, $2.50.

Farmers' Loan & Trust Co. *v.* Smith, 74 Conn. 625; 51 Atl. 609.

DELAWARE.

(The refcrences cited below are to the 21 Delaware Laws (1899), chap. 273, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Delaware is to be found in an act passed March 10, 1899, entitled "An Act providing a General Corporation Law" (21 Del. Laws, chap. 273). This act has been successively amended by the Delaware legislature in 1901, 1903, 1905, and 1907. Under it parties may incorporate for any lawful business excepting banking. Special provisions are to be found therein for incorporating railway companies for the purpose of operating railways within the State.

2. **Incorporators.** — There must be at least three incorporators. There are no residential requirements (sec. 1).

3. **Contents of the Certificate of Incorporation** (sec. 5). — The certificate of incorporation must set forth:

a. Name. — The name of the corporation must contain one of the words "association," "company," "corporation," "club," "incorporated," "society," "union," or "syndicate." No name can be employed which does not serve to distinguish it from that of any other corporation engaged in the same business or promoting or carrying on the same objects or purposes within the State.

b. Domiciliary Office. — The name of the city or town, county or place within the county in which the principal office or place of business is to be located in Delaware, and the name of the resident agent (Laws of 1907, chap. 173).

c. Purposes. — The nature of the business, objects, or purposes proposed to be transacted, promoted, or carried on. The statute clearly contemplates that corporations may be organized for more than one purpose not covered by the special acts. Banking is the only purpose forbidden to corporations organized under the General Act.

d. Capital Stock. — The amount of capital, which shall not be less than $2,000, the number of shares into which the same is divided, and the par value of each share, which may be any amount, the amount of capital stock with which it will commence business, which cannot be less than $1,000. If the corporation is to have more than one class of stock, a description of each class must be given, with the terms on which the respective classes of stock are created.

e. Incorporators. — The name and place of residence of each of the original subscribers to the capital stock, who are in practice the incorporators of the company.

f. Duration. — The corporation may have perpetual existence. If not, the time when the existence is to commence and the time when it is to cease must be stated.

g. Exemption of Stockholders from Liability for Corporate Debts. — The certificate must state whether the private property of the corporation shall be subject to the payment of corporate debts, and if so to what extent.

h. Regulation of the Internal Affairs of the Corporation. — The certificate may contain any provision desired for the regulation of the business and the

conduct of the affairs of the corporation, the directors and stockholders, or any classes of stockholders permitted by law (secs. 5, 12, 29, 34). If the business is to be conducted outside of the State, such power must be specifically set forth in the certificate of incorporation (sec. 3).

4. **Statutory Powers.** — In addition to the common law powers which are enumerated in the statute, Delaware corporations have the following additional powers: To guaranty, purchase, hold, assign, transfer, mortgage, pledge, or otherwise dispose of stock and bonds of other corporations, and to exercise in the case of stock the right to vote thereon. Corporations also have power to acquire and hold their own shares, but not to vote thereon. To conduct business in any State, Territory, or colony of the United States or in any foreign country. To issue stock for property or services, and to forfeit stock for non-payment of assessments. To have one or more offices out of the State, and to hold, purchase, mortgage, convey real and personal property out of the State, provided such powers are included within the objects set forth in the certificate of incorporation. To classify directors. The corporation also has express power to create preferred stock, if desired, provided this power is set forth in the articles of incorporation. The consolidation of corporations carrying on any kind of business is expressly permitted. Also to authorize voting by proxy, to forfeit stock for non-payment of assessments, and to cumulate votes in the election of directors (secs. 2, 9, 13, 14, 17, 19, 22, 28, 29, 36, 59–66, 135; see also Laws of 1905, chap. 155). Bondholders may be given, if desired, the same voting powers as stockholders (sec. 29).

State *ex rel.* White *v.* Hancock, 2 Pen. 252; 45 Atl. 851.

5. **Procuring the Charter.** — The certificate of incorporation must be signed, sealed, and acknowledged by each of the original subscribers to the capital stock. The original certificate of incorporation is then filed in the office of the Secretary of State, and a certified copy thereof recorded in the office of the recorder of deeds in the county in which the principal office as stated in the certificate of incorporation is located. When these acts have been completed and the organization tax paid to the Secretary of State, the corporate existence begins (secs. 5, 6, 7, 11). Collateral inquiry into legality of corporate existence is forbidden (sec. 68).

6. **Corporate Indebtedness.** — There is no limit upon the amount of indebtedness which a corporation may incur. Bondholders may be given the right to vote (sec. 29).

7. **Organization Tax.** — The organization tax is 10 cents for each one thousand dollars of the total amount of capital stock authorized, but in no case shall it be less than $10. In cases where the amount of the capital stock of any corporation as authorized in its original certificate of incorporation, or in any amendment thereof, shall exceed $2,000,000, the organization tax shall be at the rate of 5 cents on each one thousand dollars of authorized capital in excess of $2,000,000, but in no case less than $10 (Laws of 1907, chap. 174). Whenever any certificate of increase of capital stock shall be filed, an additional tax of 10 cents on each one thousand dollars of such increased capitalization shall be paid, but in no case shall such fee be less than $5. When two or more corporations shall consolidate or merge, the Secretary of State shall demand and receive for the use of the State 10 cents on each one thousand dollars of capital stock authorized or merged, but in no case less than $20.

8. **Filing and Recording Fees.** — To the Secretary of State for receiving,

filing, and indexing the certificate of incorporation, $2; for recording certificate of incorporation, 10 cents per line; for certified copy of the certificate of incorporation, 2 cents per line for copy, and $1 for attaching thereto the official seal. The fee for this service usually averages about $4.50. For filing certificate of dissolution, change of name, amended certificate of organization, decrease of capital stock, increase or decrease of number of shares, $10; for filing other certificates, $5. Fee to the Recorder of Deeds for recording certified copy of the certificate of incorporation in the local county office where it does not exceed four pages, $3.50. For each additional page, 50 cents (Laws of 1907, chaps. 246, 247).

9. **Commencing Business.** — At least $1,000 of the capital stock must be subscribed for before the corporation can begin business. If the corporate business is not begun in good faith within two years from the date of the incorporation, the franchise is subject to forfeiture (secs. 5, 67).

P. W. & B. R. R. Co. *v.* Kent Co. R. R. Co., 5 Houst. 127.

10. **Organization Meeting.** — This may be held either within or without the State (sec. 30). The incorporators ordinarily sign a written agreement, fixing the time and place within the State for the organization of the corporation. In the absence of such consent, the meeting must be called by notice signed by a majority of the incorporators, and published three times in a local newspaper at least two weeks before the time of meeting, or by two days' notice served personally (sec. 11). The incorporators may be represented by proxy if desired. Until the directors are elected the signers of the certificate of incorporation have by statute control of the affairs and of the organization of the corporation, and may take such steps as are proper to obtain the necessary subscriptions to stock. As soon as the meeting is organized by the election of a chairman and secretary, by-laws should be adopted. If the certificate of incorporation so provides, the directors to be elected at the organization meeting of the corporation may adopt by-laws. The incorporators should then proceed to the election of not less than three directors. The directors must own at least three shares of stock, and one must be a resident of the State. The by-laws may provide for the election of officers either by the stockholders or the directors. If by the stockholders, the election of the statutory officers should be had before the adjournment of the organization meeting. Immediately after the adjournment of the incorporators' meeting the directors named in the articles of incorporation should meet and elect the officers of the corporation. The statutory officers are a president, secretary, and treasurer. The president must be chosen from among the directors. The secretary and treasurer may or may not be the same person, and if the corporation have a vice-president, he may, if deemed advisable by the directors, hold the office of vice-president and secretary, or vice-president and treasurer, but not the office of vice-president, secretary, and treasurer. The directors may, if authorized by the by-laws, or by a resolution passed by a majority of the whole board, designate two or more of their number to constitute an executive committee, who shall have and exercise all the powers of the board of directors in the management of the business affairs of the company. The secretary must be sworn (secs. 7–11).

11. **Meetings of Stockholders and Directors.** — The stockholders and directors may hold their meetings outside of the State if the by-laws so provide. It may be found more convenient to hold the organization meeting within the State (secs. 30, 32). As to right of cumulative voting, see Laws of 1903,

chap. 394, sec. 17; see also Cons., Art. IX, sec. 6; see *post*, sec. 12). Voting may be by proxy (sec. 17). No shares can be voted which have been transferred on the books of the company within twenty days next preceding the election (secs. 17, 29).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be a board of directors of not less than three in number, one of whom must be a resident of the State. The directors must hold at least three shares of stock. They may be divided into classes if desired. Power may be given the directors to adopt by-laws for the corporation, by inserting such a provision in the certificate of incorporation (secs. 9, 12, 30). It is a mooted question whether cumulative voting is permissible under the Laws of Delaware. Under the Constitution, Art. IX. sec. 6, each stockholder is declared to be entitled to one vote for each share of stock he may hold, but under the Laws of 1903, chap. 394, sec. 17, it is provided that at every meeting of stockholders, each stockholder, whether resident or non-resident, shall, unless otherwise provided in the charter or by-laws, be entitled to one vote in person or by proxy for each share of capital stock held by him (Laws of 1903, chap. 394, sec. 17). Directors have power to designate two or more of their number to act as an executive committee (sec. 9).

b. Liabilities. — Directors are disqualified from re-election to office in case they fail to make and file the annual report required by law (Laws of 1906, chap. 1). Directors who knowingly cause to be published or give out any written statement or report of the corporate business or condition that is false in any material respect, are jointly and severally liable for any loss or damage resulting therefrom. Non-dissenting directors are also liable for declaring dividends not earned or for the illegal distribution of capital stock (secs. 35, 37). They are also liable for refusing to make certificate of full paid capital stock upon written request of any creditor or stockholder (sec. 23). Directors are liable for failure to publish certificate of reduction of capital stock to the extent that they are personally liable for the corporate debts contracted during such default (sec. 28). Directors are liable for loans made to officers of the corporation or to stockholders upon the security of its stock (sec. 36). Directors neglecting or failing to have alphabetical list of stockholders produced at election are ineligible to re-election to any office thereat (sec. 29).

13. **Stockholders' Liabilities.** — Stockholders are only liable for their unpaid stock subscriptions (secs. 20, 28).

14. **Stock Certificate.** — Every stockholder is entitled to have a stock certificate issued to him signed by the president and treasurer. The par value of stock certificates may be any amount (secs. 15, 29).

15. **Preferred Stock.** — Corporations have the power to create two or more kinds of stock with such preferences and voting powers and with such restrictions or qualifications thereof as shall be stated or expressed in the certificate of incorporation. The preferred stock, however, must not exceed two-thirds of the actual capital paid in in cash or property. The preferred stock may, if desired, be made subject to redemption at not less than par at a fixed time and place to be fixed in the certificate of incorporation. Preferred stockholders shall be entitled to receive a fixed yearly dividend to be expressed in the certificate, not exceeding eight per cent payable quarterly, half yearly, or yearly. Such dividends may be made cumulative. Preferred stock cannot be created unless provided for in the original certificate or amended certificate of incorporation. Corporations are authorized to issue bonds and to confer

upon the holders thereof the power to vote in respect to the corporate affairs and management of the company, to the same extent and in the same manner as stockholders, if so provided in the certificate of incorporation (secs. 5, 13, 29).

16. **Payment of Capital Stock.** — The Delaware Constitution provides (Cons., Art. IX. sec. 3) that no corporation shall issue stock except for money paid, labor done, or personal property or real property or leases thereof, actually acquired by such corporation, and no labor or property shall be received in payment of stock at a greater price than the actual value at the time the said labor was done or property delivered or title acquired. By statute, however, it is provided that subscriptions to and purchase of the capital stock of any corporation organized under any law of this State may be paid for wholly or partly by cash, by labor done, by personal property, or by real property or leases thereof; and the stock so issued shall be declared and taken to be fully paid stock and not liable to any further call, nor shall the holder thereof be liable for any further payments thereon under the provisions of this act. In the absence of actual fraud in the transaction the judgment of the directors as to the value of such labor, property, real estate, and leases thereof shall be conclusive (Laws of 1905, chap. 155).

Every corporation may at any meeting increase its capital stock and the number of shares thereof until it shall reach the amount named in the original certificate (sec. 27). The president, with the secretary or treasurer, shall, upon the written request of any creditor or stockholder, make a certificate stating the amount of the instalments or calls paid in cash or by the purchase of property, and stating also the total amount of capital stock issued, which certificate shall be signed and sworn to by the president and secretary or treasurer, and shall within thirty days after the making thereof be filed in the office of the Secretary of State.

17. **Books.** — The original or duplicate stock ledger containing the names and addresses of the stockholders and the number of shares held by them respectively must be kept at the principal office within the State. These are open to the inspection of stockholders. The general books of account need not be kept within the State (sec. 29).

18. **Office.** — The corporation must maintain a principal office or place of business in the State, and have an agent, a resident of the State, in charge thereof. A sign containing the name of the corporation must be displayed at a conspicuous place in said office (secs. 32, 33, 137).

19. **Annual Reports.** — On or before the first Tuesday in January of each year it shall be the duty of the president, treasurer or other officer of any two directors of any domestic corporation to file with the Secretary of State an annual report stating the location within the state of the principal office and the name of the agent upon whom service of process against such corporation may be served, the location or locations (town or towns, city or cities, stating the street and number, if numbers there be) of the place or places of business of such company without the State of Delaware; the names and addresses of all the directors and officers of the company and when the term of each expires, the date appointed for the next annual meeting of stockholders for the election of directors, the amount of its authorized capital, the amount actually paid in, the amount invested in real estate, taxes annually thereon, the amount invested in manufacturing or mining in Delaware or both; if such report is not so made and so filed the corporation shall forfeit to the State the sum of $200, to be recovered with costs in an action of debt to be prosecuted by the Attorney

General, and provided further that if such report shall not be made and filed, all the directors of any such corporation who shall wilfully refuse to comply with the provisions thereof and who shall be in office during the default shall at the time appointed for the next election and for a period of one year thereafter be thereby rendered ineligible for election or appointment to any office in the company as directors or officers (Laws of 1906, chap. 1). On written request of any director or stockholder, the officers of the corporation must file with the Secretary of State certificate showing amount of stock issued and paid for in cash or property and the total amount of capital stock issued (sec. 23).

20. **Anti-Trust Statute.** — There is none in force within the State.

21. **Statutory Grounds for Forfeiture of Charter.** — The statutory grounds for forfeiture of charter are failure, for two years after the corporation is created, to commence in good faith the business to be promoted or the objects or purposes for which it was organized. Also failure for two successive years to pay the State tax assessed against it, which it is required to pay under the law, renders the charter void (sec. 67; Tax Law, secs. 10, 11).

22. **Amendments.** — The incorporators, before the payment of any part of the authorized captial stock of the corporation, may file with the Secretary of State an amended certificate duly signed by all of the incorporators amending the original certificate of incorporation in whole or in part. A copy of such certificate, duly certified by the Secretary of State, must then be recorded in the office of the recorder of the county in which the original certificate of incorporation was recorded. Such amended certificate shall thereupon take the place of the original certificate of incorporation (sec. 25). Certificates of incorporation may be amended when and as desired either by addition to its corporate powers and purposes or diminution thereof, or by the substitution of other powers and purposes in whole or in part for those prescribed by its charter, or by increasing or decreasing its authorized capital stock, or by changing the number and par value of the shares of its capital stock, or by changing the corporate name in manner following, to wit:

The board of directors shall first adopt a resolution setting forth the amendment proposed, declaring its advisability, and calling a meeting of the stockholders for consideration thereof. The meeting shall be called and held upon notice as provided for by the corporation's charter or by-laws. At such meeting a vote of the stockholders in person or by proxy shall be taken for and against the proposed amendment, which vote shall be conducted by two judges appointed for that purpose either by the directors or by the said meeting. The judges are given plenary powers, and they are required to make out certificates in duplicate stating the number of shares of stock, voting for and against the amendment, and subscribing and delivering the same to the secretary of the corporation. If it shall appear by such certificates of the judges that the persons holding a majority of the stock of the corporation or of each class of stock, if there be more than one, have voted in favor of the amendment, thereupon the said corporation shall make under its corporate seal and the hands of its president and secretary a certificate accordingly, and the president shall duly execute and acknowledge the same with one of the judge's duplicate certificates attached, which shall be filed in the office of the Secretary of State, and a copy thereof certified by said Secretary of State shall be recorded in the office of the recorder of the county in which the original certificate of incorporation is recorded. No corporation, however, can decrease its capital stock without paying or

adequately securing such of its debts as are not then fully secured (sec. 26). (See also secs. 27 and 28, as to increase and reduction of capital paid in.)

The board of directors of any corporation may change the location of the principal office of any corporation within the State to any other place within the State by resolution adopted at a regular or special meeting of said board. Upon the adoption of such resolution a copy thereof shall be filed in the office of the Secretary of State by the president or secretary of such corporation and sealed with its corporate seal; a certified copy of such resolution shall also be recorded in the office of the recorder of the county to which such principal office is removed. For filing such certificate the Secretary of State shall charge a fee of $5 (sec. 137).

If it is desired to decrease the issued capital stock without changing the amount of authorized capital stock, this may be effected by the vote or written consent of two-thirds in interest of the stockholders (see sec. 28). Such reduction may be carried into effect by retiring or reducing any class of the stock or by drawing the necessary number of shares by law for retirement, or by decreasing the number of shares of each shareholder, or by the purchase at not less than par of certain shares for retirement or by retiring the shares owned by the corporation or by reducing the par value of shares. No such reduction shall be made until the corporate debts are fully secured or have been paid and discharged (sec. 28).

23. **Annual Franchise Tax.** — The annual franchise tax on the amount of the authorized capital stock up to and including $25,000, is $5; on all authorized capital stock exceeding $25,000, and not more than $100,000, $10; on authorized capital stock exceeding $100,000, and not more than $300,000, $20; on authorized capital stock exceeding $300,000, and not more than $500,000, $25; on authorized capital stock exceeding $500,000, and not more than $1,000,000, $50; and a further sum of $25 a year on each $1,000,000 or part thereof in excess of $1,000,000; provided that such corporation shall only be required to pay one-half of the amount of taxes here enumerated in cases where they show in their annual report that they are not engaged in any business, but in no case shall the amount of taxes be less than $5 a year. This tax is payable on May 1st of each year (Laws of 1907, chap. 47). Manufacturing or mining companies as well as mercantile companies whose capital actually paid in is invested in a mercantile business carried on within the State and which is now subject to a license tax for the carrying on of such business under chapter 117, Vol. 13, Laws of Delaware, and all corporations at least fifty per cent of whose capital stock issued and outstanding is invested in business carried on within the State, are exempt from the payment of such license tax (Laws of 1903, chap. 17). If any other corporation shall have less than fifty per cent of its capital stock issued and outstanding invested in business carried on within the State it shall pay the annual license tax or franchise tax provided for companies not carrying on business in this State, but shall be entitled in the computation of such tax to a deduction from the amount of its capital stock issued and outstanding of the assessed value of its real or personal estate within this State (22 Del. Laws, chap. 259; Laws of 1903, chap. 17).

24. **Extension of Corporate Existence.** — Corporate existence may be extended by complying with the terms of the statute in such case made and provided (secs. 131–134). (See also Laws of 1905, chap. 156.)

25. **Dissolution.** — Before payment of any part of the capital stock or beginning business the incorporators may surrender their franchises by filing

in the office of the Secretary of State a certificate verified by a majority of the incorporators to the effect that no part of the capital has been paid and that such business has not been begun. After the paying in of the capital stock a majority vote of the directors cast in favor of the dissolution of the corporation, coupled with the written consent of two-thirds in interest of the stockholders, affords the necessary basis for a dissolution of the corporation by consent. In addition to this, notice of the stockholders' meeting, called for the purpose of voting upon the question of dissolution, must be published for four successive weeks. The consent of the directors and officers must be certified by the president, secretary, and treasurer and filed with the Secretary of State, who issues his certificate that such consent has been filed, which certificate must be published for four consecutive weeks. If all the stockholders consent in writing, no meeting or notice is required (secs. 38–58).

Com. Bank *v.* Lockwood's Adm'r, 2 Harr. 8.

26. **Foreign Corporations.** — Before doing business within the State, foreign corporations are required to file with the Secretary of State a certified copy of their certificate of incorporation, the name of the authorized agent within the State, a sworn statement of assets and liabilities, and must pay to the Secretary of State a license fee of $50. Thereupon the Secretary of State issues a certificate of authority to transact business within the State. The law imposes a duty upon the Secretary of State after issuing the certificate aforesaid to issue a certificate to the prothonotary of the Superior Court in each county of the State of Delaware, containing the name of the agent of such foreign corporation and the State wherein incorporated. This certificate is then filed by such prothonotary in his office. For this service the law provides that he shall receive a fee of $1, to be collected from each corporation by the Secretary of State and paid over by that official to the prothonotary (Laws of 1903, chap. 395; Cons., Art. IX. sec. 5; as to penalties for non-compliance with the law, see Laws of 1903, chap. 395, sec. 6). Section 9 of the tax law provides that foreign corporations doing business in Delaware shall be subject to what is known as the retaliatory tax law. This act provides that when by the laws of any other State any other or greater taxes, licenses, etc., are imposed upon corporations of this State doing business in such other State, than the laws of this State impose upon foreign corporations doing business in this State, so long as such laws continue in force in such foreign State the same taxes, licenses, etc., shall be imposed upon all corporations of such other States doing business within this State. Foreign corporations must pay a filing and recording fee of $10 in all cases (Tax Law, sec. 9). No annual reports are required of foreign corporations and they are not subject to the payment of any annual franchise tax.

Deringer's Adm'r *v.* Deringer's Adm'r, 5 Houst. 416; Standard Sewing Machine Co. *v.* Frame, 2 Pen. 430; 48 Atl. 188; Love *v.* P. & J. Co., 3 Pen. 577; 52 Atl. 542.

DISTRICT OF COLUMBIA.

(The references are to the District of Columbia Code (1902), unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act in force in the District of Columbia is to be found in the United States Statutes at Large, Vol. 31, pp. 1284 *et seq.*, as amended by the Acts of January 31, 1902 (U. S. Stat. at L., Vol. 32, p. 2), and Act of June 30, 1902 (U. S. Stat. at L., Vol. 32, pp. 533 *et seq.*). Under this act companies may be formed for the purpose of carrying on any business or enterprise which may be lawfully conducted by an individual, excepting banks, corporations formed to buy, sell, or deal in real property, railways, and such other enterprises or business as are provided for by special acts.

2. **Incorporators.** — There must be at least three incorporators. There are no residential requirements (sec. 605).

3. **Contents of the Certificate of Incorporation** (sec. 606). The certificate must set forth:

a. Name. — The act forbids the employment of a name already in use (sec. 604).

b. Purposes. — Object for which it is formed. The recorder of deeds only permits the insertion of one line of business in the certificate of incorporation. (See secs. 605, 612.)

c. Duration. — May be perpetual if desired.

d. Capital Stock. — Amount thereof and the numbers of shares. Both may be any amount desired.

e. Trustees. — The number of trustees who shall manage the concerns of the company for the first year and their names. The recorder of deeds requires that the citizenship of each of the trustees shall be set forth in the certificate.

f. Domiciliary Office. — The name of the place in the District in which the operations of the company are to be carried on. The recorder of deeds requires that the post-office address of the place of business of the corporation shall also be given.

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers the act authorized voting by proxy; also forfeiture of stock for non-payment of assessments. The statute expressly forbids the purchase of stock in other corporations. Power to adopt by-laws is conferred upon the trustees (secs. 397, 607, 609, 612, 613).

Scanlon *v.* Snow, 2 D. C. App. Cases, 137.

5. **Procuring the Charter.** — No proper understanding of the Business Corporation Act in force in the District of Columbia can be obtained without a careful reading of the case of Dancy *v.* Clark *et al.*, 24 D. C. App. Cas. 487, wherein the Court of Appeals of the District of Columbia made the following holding: (1) That while the recorder of deeds in the District is a ministerial officer, without jurisdiction to pass upon the validity of certificates of incorporation presented to him for record, that nevertheless he is not wholly without jurisdiction in determining whether a given certificate shall be admitted to record or not. The court held that he had the right to exercise discretion in the premises, but not judicial discretion. (2) The court held that only one kind

of business may be included in the designation of purposes for which any specific corporation is formed. (3) The court held that inasmuch as the statute requires that all the trustees must be stockholders, that therefore each of the trustees named in the certificate of incorporation must join in the execution of the certificate, thus in effect requiring that all the trustees must be incorporators. The reasoning by which the court arrived at this conclusion was as follows:

That the incorporators must be regarded as the only stockholders of the corporation, and that therefore the trustees, being necessarily by reason of their positions stockholders, must on incorporation be selected from the original incorporators. The court further held that the only extension of business permissible by amendment of the certificate of incorporation is to extend the business of the corporation to some business cognate to the business for which the company was originally incorporated.

Finally, the court held that the powers inserted in the certificate not authorized by law must be regarded as surplusage.

The certificate of incorporation must be subscribed and acknowledged by each of the incorporators. It must then be filed in the office of the recorder of deeds for the District (sec. 605). Under the Act of February 4, 1905, the certificate of incorporation must be accompanied by proof satisfactory to the recorder of deeds, that all the stock of the said company has been subscribed for in good faith, and that not less than ten per cent of the par value of the stock has been actually paid in cash, and the money derived therefrom is then in the possession of the person named as the first board of trustees. The proof required by the recorder of deeds is that the requirements above set forth have been complied with. That is, first, a statement of the trustees named in the certificate that all of the capital stock of the proposed company has been subscribed for in good faith and that not less than ten per cent of the par value thereof has been actually paid for in cash, and that the money derived therefrom is in the possession of the persons named as the first board of trustees of the corporation; and, secondly, a certificate made by one of the executive officers of some reputable bank or trust company, that said sum in cash is on deposit in said bank or trust company to the credit of the said trustees. The recorder furnishes blank forms for this purpose.

6. **Corporate Indebtedness.** — By implication the debts should not at any time exceed the amount of capital stock (sec. 634).

7. **Organization Tax.** — All corporations must pay to the recorder of deeds at the time of the filing of the certificate of incorporation 40 cents on each $1,000 of the capital stock of the corporation as set forth in the certificate of incorporation; provided, however, that no fee shall be paid less than $25 (Act of Congress approved February 4, 1905).

8. **Filing and Recording Fees.** — To the recorder of deeds, 50 cents for the first two hundred words in articles of incorporation; 15 cents for each hundred words in addition thereto; extra charge of 25 cents for each separate acknowledgment over one. For each certificate and seal, 25 cents. For certified copies of certificate of incorporation, 50 cents for the first two hundred words and 15 cents for each additional one hundred words; for affixing certificate and seal thereto, 25 cents (U. S. Stat., Vol. 31, p. 1276).

9. **Commencing Business.** — Business may be commenced as soon as the articles are executed and filed as required by law. Before business can be transacted ten per cent of the capital stock must be paid in, either in money or property at its actual value (sec. 613). Within thirty days after the pay-

ment of the last instalment of the capital stock the president and a majority of the trustees must make, verify, and record in the office of the recorder of deeds a certificate stating the amount of capital fixed by the certificate and paid in (sec. 616).

10. **Organization Meeting.** — The organization meeting must be held within the District (this in the absence of any statute expressly authorizing such meeting to be held without the District).

11. **Meetings of Stockholders and Trustees.** — Stockholders' meetings must be held within the District. Owing to the provision that a majority of the trustees must be residents of the District, it is in practice almost a necessity to hold trustees' meetings in the District, where a majority of the body is required to be present. In practice, however, through the expedient of the appointment of an executive committee, composed of a majority of the board of trustees to whom is delegated all the powers of the full board in the transaction of the business outside of the District of Columbia, meetings of the trustees who are members of an executive committee can be held outside of the District. Notice of the holding of annual meetings for the election of trustees must be published in the District not less than thirty days previous thereto (secs. 608, 609).

12. **Trustees' Qualifications and Liabilities.** — *a. Qualifications.* There must be not less than three, nor more than fifteen trustees, who shall be stockholders, and a majority citizens of the District (secs. 608, 609, 612).

b. Liabilities. — Trustees are jointly and severally liable for making false certificates or reports, knowing the same to be false, which liability extends to all debts of the company contracted while acting as such trustees (secs. 618, 619, 631). Non-dissenting trustees are liable for loans of money upon the security of the company's own stock. They are also liable for illegal declaration of dividends (secs. 621–623).

13. **Stockholders' Liabilities.** — All stockholders are severally liable to the creditors of the corporation for the unpaid amount due on the shares of stock held by them respectively, for all debts and contracts made by the corporation until the whole amount of the capital stock of said company shall have been paid in, and a certificate thereof shall have been made and recorded. This certificate, signed and sworn to by a majority of the trustees and the president, must within thirty days after the payment of the last instalment of the capital stock be recorded in the office of the register of deeds of the District (secs. 615, 616).

14. **Stock Certificates.** — Each stockholder is entitled to a certificate showing the number of shares owned by him, signed by such officers as the by-laws may prescribe.

15. **Preferred Stock.** — There is no express provision authorizing the issuance of preferred stock.

16. **Payment of Capital Stock.** — Stock may be paid for in money or property at its actual cash value (sec. 613).

17. **Books.** — The stock register must be kept within the District of Columbia. This is open to the inspection of stockholders and creditors (secs. 627, 628; see also secs. 631, 632).

18. **Office.** — Every corporation must maintain an office at all times within the District (sec. 606).

19. **Reports.** — Every corporation shall annually within twenty days from the 1st of January make a report, which must be published in a news-

paper published in the District, stating the amount of capital and the proportion actually paid and the amount of existing debts, which report shall be signed by the president and a majority of the trustees and verified by the oath of the president or secretary of the company and filed in the office of the recorder of deeds of the District. The only penalty for failure to make this report is that any creditor of the corporation may, by petition for mandamus against the corporation, compel such publication to be made, and in such case the court shall require the corporation to pay all expenses of the proceeding including counsel fees. If any false report is made, all officers who have signed the same knowing it to be false are individually liable for all debts of the company contracted while they are stockholders or officers thereof (secs. 617, 618).

20. **Anti-Trust Statute.** — There is no anti-trust statute specially applicable to the District of Columbia.

21. **Statutory Grounds for Forfeiture of Charter.** — The act specifically provides for forfeiture of charters when the corporation has been guilty of misuse, abuse, or non-user of its corporate powers and franchises of such violation of law as would authorize and make proper the forfeiture thereof (sec. 786).

See Gilbert *v.* Endowment Ass'n, 10 D. C. App. 316.

22. **Amendments.** — Articles may be amended only for the purpose of increasing or decreasing the capital stock, or for the purpose of extending or changing its business. This may be accomplished in the following manner: Before the corporation shall be entitled to diminish the amount of its capital stock it must first diminish the amount of its debts and liabilities so that they shall not exceed such diminished amount of capital. To increase or diminish the capital stock or to extend or change the business, a majority of the trustees shall publish notice in a newspaper in the District at least three successive weeks and depositing a notice of such meeting in the post-office addressed to each stockholder at his usual place of residence at least three weeks to the date fixed upon for holding such meeting, specifying the object of the meeting and the time and place where such meeting shall be held. At this meeting stockholders must appear either in person or by proxy, representing not less than two-thirds of all of the shares of stock of the corporation. If after organization at said meeting and canvassing the votes it appears that the votes of two-thirds of the capital stock have been cast in favor of increasing or diminishing the amount of capital or extending or changing the business of the company, a certificate of the proceedings, showing compliance with the laws relative to amendments, the amount of capital paid in, the business to which it is extended or changed, the whole amount of its debts and liabilities, and the amount to which the capital shall be increased or reduced, shall be made out and signed and verified by the affidavit of the chairman of the meeting, and be countersigned by the secretary thereof. Such certificate when acknowledged by the chairman and filed in the office of the recorder of deeds of the District shall be sufficient to secure the amendment desired (secs. 633–639 inclusive). Under the decision of the District Court of Appeals in Dancy *v.* Clark (24 D. of C. App. Cas. 487), the business of the corporation can be extended only to some additional line of business cognate to that for which the company was originally incorporated. In connection with the provisions of the Code relative to publication of notice of stockholders' meetings for the purpose of increasing or decreasing capital stock or for extending or changing the business, the Attorney-

General of the United States has rendered an opinion to the effect that such publication may be waived by unanimous consent of all the stockholders.

23. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence except by reincorporating under the general statute (see secs. 766, 767).

24. **Dissolution.** — Corporations may be dissolved on application to the court having jurisdiction, for cause shown (secs. 769–789).

Morrow *v.* Edwards, 9 Mackey, 475.

25. **Annual Franchise Tax.** — There is no annual franchise tax. Under sec. 8 of the Tax Law approved July 1, 1902, capital stock of all newspaper, real estate, and mercantile corporations are taxed the same as individuals conducting business along similar lines.

26. **Foreign Corporations.** — Foreign corporations may obtain a permit to do business in the District if they desire to do so. They are, further, required to publish in at least two daily newspapers published in the District semi-annually during the months of March and September of each year, a full statement under oath, showing their capital stock and the amount paid in, the assets and liabilities, debts, deposits, dividends, dues as well as other current expenses during six months ending January and July 1st preceding under penalty of revocation of license or permit to do business in the District. Under the act of February 1, 1907, when a foreign corporation transacts business in the District without having any place of business or resident agent therein, the service upon any agent or officer or employe in the District shall be effectual as to suits growing out of contracts entered into or to be performed in whole or in part in the District of Columbia, or growing out of any tort heretofore or hereafter committed in said District (U. S. Comp. Stat. 1901, Sup. of 1905, Title XLVIII. sec. 4066).

Eastern Trust & Banking Co. *v.* Willis, 6 D. C. App. 375.

FLORIDA.

(The references cited below are to the General Statutes of 1906 unless otherwise stated.)

1. **Statute under which Business Corporations may incorporate.** — The Business Corporation Act of Florida is to be found in the General Statutes of 1906, secs. 2643 to 2692 inclusive. Special provision is made by statute for banking, building and loan, insurance, surety, railroad, canal, telegraph companies and eleemosynary institutions.

2. **Incorporators.** — Three or more persons. There are no residential requirements (sec. 2647).

Brown *v.* Company, 19 Fla. 472.

3. **Contents of the Charter.** — The charter must set forth (sec. 2648):

a. Name. — Similarity of names is forbidden (sec. 2676).

b. Domiciliary Office. — The place or places of business must be set forth.

c. Purposes. — The general nature of the business or businesses to be transacted. The statute clearly contemplates that corporations may be created for more than one purpose, provided none of the purposes set forth are covered by special acts.

d. Capital Stock. — The amount of the capital stock authorized, the number and par value of the shares into which it is divided, and the terms and conditions upon which it is to be paid in must be set forth. The par value of the shares must not be less than $10 (sec. 2653). The capitalization may be any amount. If it is desired to pay in the capital stock in anything but money, this fact must be stated in the charter. This statement should include a provision either that the whole capital stock or some portion thereof shall be payable in property, labor or services, at a just valuation, to be fixed by the incorporators, or by the directors at a meeting called for that purpose (sec. 2653).

e. Corporate Existence. — The charter may be perpetual if desired.

f. Corporate Officers. — The charter must designate the officers by whom the business is to be conducted, the times at which they shall be elected, and the names of the officers who are to conduct the business until those elected at the first election shall have qualified. The directors must all be stockholders. The statutory officers are a president and treasurer or cashier and such other officers as the by-laws may designate.

g. Corporate Indebtedness. — The highest amount of indebtedness to which the corporation can at any time subject itself must be set forth.

h. Incorporators. — The names and residences of the incorporators must be stated. The subscribing incorporators must also state the amount of stock subscribed for by each. Such amount shall be not less than ten per cent of the authorized capital stock (sec. 2648).

4. **Statutory Powers.** — Florida statutes enumerate fully the common law powers of corporations as follows: Every corporation by virtue of its existence as such shall have power (1) To have succession by its corporate name for the period limited in its charter, and, when no period is limited, perpetually; (2) To sue and be sued in any court of law or equity; (3) To make contracts and to adopt and use a common seal, and alter the same at pleasure; (4) Where special provision is not made by law or otherwise, to

hold, buy, convey, or mortgage such personal or real estate as the purposes of the corporation shall require, also to take, hold, and convey such other real and personal property as shall be necessary for the corporation to acquire in order to obtain or secure the payment of any indebtedness or liability to it; (5) To appoint such subordinate officers and agents as the affairs of the corporation shall require, and to allow them suitable compensation; (6) To make by-laws; (7) To increase or diminish by a vote of its members, cast as the by-laws direct, the number of directors, managers, or trustees, so, however, that the number shall not be less than three nor more than thirteen. The only additional powers conferred by statute are the right to vote by proxy and to forfeit stock for non-payment of assessments. Also to mortgage properties. The power to adopt by-laws may be delegated in the charter to the directors if desired (secs. 2645, 2662, 2671).

5. **Procuring the Charter.** — The charter must be subscribed and acknowledged by each of the incorporators (sec. 2648). Then the proposed charter, together with notice of the intention to apply to the governor for letters patent thereon, must be published for four weeks once each week, in some newspaper published in the county where the principal place of business is to be located (sec. 2640). This notice must be signed with the name of at least three of the incorporators, and the proposed charter must be filed in the Secretary of State's office during the four weeks of publication (sec. 2650). Then the proposed charter, accompanied by proof of publication of notice, must be submitted to the governor, who, if he finds it to be in proper form, and for objects authorized by law, and that the formalities just referred to have been observed, will issue letters patent to the corporation. The Secretary of State will then annex to the letters patent a certified copy of the charter, retaining the original on file and recording it. The organization tax must be paid to the Secretary of State, who issues a certified copy of the charter. Corporate existence commences from the time the certified copy of the charter is issued by the Secretary of State. The statute specifically provides that letters patent, or a certified copy thereof, shall be conclusive evidence as to the existence of the corporation in all actions and proceedings where the question of its existence is only collaterally involved, and *prima facie* evidence in all other actions and proceedings (secs. 2650, 2651).

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of corporate indebtedness (sec. 2646).

7. **Organization Tax.** — Two dollars upon each thousand dollars of the capital stock, provided no fee shall be less than $5 or more than $250 (sec. 2650).

8. **Filing and Recording Fees.** — To the Secretary of State, in addition to the payment of the organization tax, there must be paid a filing fee of $1. The charge for making a certified copy of the charter is 10 cents per hundred words for copying. The combined fee for filing and making certified copy and recording is about $3.50. For publication, the charge is usually about $10. For recording certificate of incorporation in the office of the clerk of the circuit court in the county where the corporation is to do business, together with the affidavit of the treasurer as to the amount of capital stock paid in, the fee is 10 cents per hundred words.

9. **Commencing Business.** — Before commencing business letters patent together with a certified copy of the charter must be recorded in the office of the clerk of the circuit court of the county where the principal place of business is located. There must also be filed with the Secretary of State and with said clerk of the circuit court duplicate affidavits by the treasurer of the cor-

poration that ten per cent of the capital stock has been subscribed and paid. The organization tax must likewise be paid (sec. 2652).

10. **Organization Meeting.** — Must be held within the State (sec. 2666).

11. **Meetings of Stockholders and Directors.** — Stockholders must hold their meetings within the State. The directors may hold their meetings without the State if the by-laws so provide (secs. 2662, 2666).

Duke *v.* Taylor, 37 Fla. 64; 19 Sou. 172.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The number of directors is not limited by law. They must all be stockholders. There are no residential requirements (secs. 2645, 2663).

b. Liabilities. — Directors participating in the declaration of illegal dividends are jointly and severally liable for the debts of the corporation then existing to the extent of the dividend declared, unless they at the time object to the declaration of the dividend in writing (sec. 2691).

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions (sec. 2677). If any corporation shall transact any business before complying with the statutory requirements, its stockholders shall be personally liable for all the corporation debts as if they were members of a general partnership and not stockholders of a corporation (sec. 2652).

Gibbs *v.* Davis, 27 Fla. 531; 8 Sou. 633; Brown *v.* Company, 19 Fla. 472; Martin *v.* Company, 8 Fla. 370.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by such officers as the by-laws may designate for that purpose. The par value of stock certificates may be any amount not less than $10 (sec. 2653).

15. **Preferred Stock.** — There is no statutory provision expressly authorizing the issuance of preferred stock.

16. **Payment of Capital Stock.** — Unless otherwise provided in the charter, stock subscriptions must be paid in cash. Incorporators may, however, provide in the charter that the capital stock, either in whole or in part, shall be payable in property, labor, or services at a valuation to be fixed in the charter. The charter must also set forth the general description of the property to be taken in exchange for stock (sec. 2653).

17. **Books.** — The secretary or other officer who by the by-laws is made the custodian of its books, is required to keep the same in his possession at all times during business hours, and have the same ready to be inspected by any officer, director, or committee appointed by the stockholders representing one-tenth of all the subscribed stock. The treasurer or cashier is required to keep a stock book containing a list of the stockholders with the number of shares owned by each, which is subject to inspection by the stockholders upon written application (secs. 2658, 2672).

18. **Office.** — Every corporation must have a place of business within the State, and the custodian of its books and papers must reside within the State (secs. 2658, 2672).

19. **Reports.** — The corporation shall annually make a report to the State comptroller containing the name and residence of each stockholder, with the number of shares and the par and cash market value of such shares, the whole amount of capital stock, the amount actually paid in, the real estate subject to assessment of taxes, and the personal estate. A statement of the amount

of capital stock subscribed and the amount actually paid in and of the indebtedness of the corporation shall be filed once every six months in the office of the State comptroller (secs. 2659, 2661).

20. **Anti-Trust Statute.** — Trusts to control meats, cattle, or edible animals are prohibited (secs. 1714, 2452, 3160, 3164).

21. **Statutory Grounds for Forfeiture of Charter.** — Diversion by a corporation of its funds or property to objects other than those named in the charter or to payment of dividends, leaving insufficient funds to meet outstanding liabilities, work a forfeiture of the charter (sec. 2690).

22. **Amendments.** — To change the name of a corporation a resolution to that effect must be passed by a majority vote of the stockholders at a meeting called for that purpose, and a certificate setting forth such resolution under the corporate seal (attested by the secretary) must be filed in the office of the Secretary of State. Thereupon letters patent shall issue, reciting the change in name, which must be recorded in the Secretary of State's office and in the office of the clerk of the Circuit Court where the original charter is recorded (secs. 2675, 2676).

With respect to increasing or reducing the capital stock, the statute reads that any corporation desiring to alter or amend its charter shall do so in a certain prescribed manner as set forth in the statute. To increase the capital stock, notice of the meeting of stockholders called for that purpose must be published once a week for four consecutive weeks prior thereto in one newspaper published in the county. In addition to this the usual notice for stockholders' meetings provided for in the by-laws must be served upon or mailed to the stockholders. If at such meeting two-thirds of all the stockholders vote to increase the capital stock, the president within thirty days thereafter must make a return to the Secretary of State under oath of the amount of such increase and the terms on which said capital stock is issued, and from the time the said return is filed the increase of stock shall be authorized, and when issued shall become a part of the capital. At the same time the capitalization tax must be paid upon the amount of increased capital stock. To reduce the capital stock or alter or change the par value of the shares thereof requires the unanimous vote of all the stockholders cast at a meeting called in the same manner as is above referred to in the case of the increase of the capital stock. In order to legalize the reduction of the capital stock, the president must make within thirty days thereafter under oath his return to the Secretary of State of the amount of such decrease, and upon his affidavit must be endorsed a certificate of the State comptroller that in his judgment the ability of the corporation to meet its outstanding liabilities and debts will not be impaired thereby (secs. 2673, 2674).

To amend the charter in other respects a meeting must be called in the manner set forth above with reference to increasing or reducing the capitalization. At this meeting the proposed amendment must receive a vote of three-fourths of the outstanding capital stock. If the proposed amendment is adopted, the corporation must then give four weeks' notice, once each week, of intention to apply to the governor therefor, in some newspaper published in the county wherein the principal place of business is located, setting forth the desired alteration or amendment. The corporation must then prepare a certificate which shall be filed in the Secretary of State's office during the time of publication, and afterwards, together with the proof of publication of notice. These are all submitted to the governor, who, if the same are found in proper form

and legally adopted, if the proposed amendment will be beneficial and lawful and of interest to the community and in accord with the purposes of the charter, will approve the same, and thereupon letters patent shall issue reciting the amendment, and the same shall then be recorded in the office of the Secretary of State and in the office of the clerk of the Circuit Court where the original charter was recorded (sec. 2150).

23. **Annual License Tax.** — There is no annual license tax.

24. **Extension of Corporate Existence.** — The statute makes no specific provision for extension of corporate existence. (See, however, sec. 2675.)

25. **Dissolution.** — A majority in interest of the stockholders may petition the Circuit Court for the dissolution of the corporation, and the court after publication for a reasonable period may hear the matter and may decree a dissolution (sec. 2682).

Gibbs *v.* Davis, 27 Fla. 531; 8 Sou. 633.

26. **Foreign Corporations.** — Up to 1907 there were no statutory provisions in force in Florida prescribing the conditions upon which foreign corporations might do business in that State. The matter is now regulated by recent statute as follows (Laws of 1907, No. 122; chap. 5717, approved June 1, 1907).

No foreign corporation shall transact business or acquire, hold, or dispose of property in this State until it shall have filed in the office of the Secretary of State a duly authenticated copy of its charter or articles of incorporation, and shall have received from him a permit to do business in this State. Upon the filing of such copy, the Secretary of State shall, if the objects of the corporation are such as are not prohibited by the laws of this State, issue a permit allowing such corporation to transact business in this State, but he shall not deliver such permit to the corporation until he shall have received from it for the use of the State a sum equal to that which the said corporation would have been required to pay as a charter fee if it had been incorporated under the laws of this State. The fee of the Secretary of State for issuing the permit shall be $5.

If the charter or articles of incorporation of any foreign corporation shall be amended after a permit has been issued to it under the provisions of this act, such corporation shall within thirty days thereafter file a duly authenticated copy of the amendment in the office of the Secretary of State, who shall issue to the corporation a certificate of the filing; but if the amendment is one increasing the capital stock, he shall not deliver the certificate until he shall have received from the corporation for the use of the State a sum equal to that which such corporation would have been required to pay if it had been a corporation increasing its capital stock under the laws of this State. If any such corporation shall fail to file any amendment and to make the payment aforesaid within the said thirty days, its permit shall be deemed to be revoked until the provisions of this section shall be complied with. The fee of the Secretary of State for granting the certificate shall be $2.

Every contract made by or on behalf of any foreign corporation affecting its liability or relating to property within the State before it shall have complied with the provisions of this act shall be void on its behalf and on behalf of its assigns, but shall be enforceable against it or them.

This act shall be deemed to apply to foreign building and loan associations, foreign insurance companies, foreign surety companies, and all other foreign corporations which now are or hereafter may be required to obtain other certifi-

cates of authority to transact business in this State and to impose an additional requirement upon them, as well as to all other foreign corporations except those which are excepted by the terms from the operation of this act. This act shall not apply to any foreign corporation whatever transacting business in this State at the time this act shall take effect; provided that any such foreign corporation hereafter increasing its capital stock shall comply with the provisions of sec. 3 in relation thereto.

A foreign corporation is defined to be a corporation incorporated by or under the laws of any other State or Territory or of any other country.

Any foreign corporation which shall violate the provisions of sec. 1 or 3 shall upon conviction be fined not more than $1,000 for the first offence, and not more than $5,000 for each subsequent offence, and any officer or agent of any foreign corporation who shall violate the provisions of sec. 1 or 3 shall upon conviction be punished by a fine of not more than $2,000 or by imprisonment not exceeding six months, or by both such fine and imprisonment.

Duke *v.* Taylor, 37 Fla. 64; 19 Sou. 172.

GEORGIA.

(The references cited below are to the Civil Code of Georgia, 1895, and to the Supplement of 1901, unless otherwise stated.)

1. **Statute under which Business Corporations may incorporate.** — The Business Corporation Act of Georgia is to be found in the Civil Code of Georgia (Revision of 1895), title 11, secs. 1831 to 1902. Some general provisions applicable alike to all corporations are also found in Civil Code, secs. 2349, 2350, 2698, 3064, and 3954, and in the Political Code, secs. 805 to 881. Under the general law corporations may be formed for any lawful purpose not covered by the special acts relating to banks, railroads, telegraph, insurance, navigation, express, and canal companies, charters for which are granted and issued by the Secretary of State. (See secs. 1903–2348.)

Atherton *v.* Company, 71 Ga. 106; Ellington *v.* Company, 93 Ga. 53; 19 S. E. 21; P. & M. Bank *v.* Pedgett, 69 Ga. 159.

2. **Incorporators.** — There must be at least two incorporators. There are no residential requirements (sec. 2350; see also sec. 1854).

Mather *v.* Morgan, 72 Ga. 517; Waycross, etc. Ry. Co. *v.* Offerman, 109 Ga. 827; 35 S. E. 275.

3. **Contents of Petition for Charter.** — The petition addressed to the Superior Court must state:

a. Purposes. — The objects of the corporation and the particular business proposed to be carried on. It is doubtful whether under this section a corporation may be incorporated to carry on more than one line of business.

b. Name. — Similarity of names is not permitted.

c. Capital Stock. — The amount of capital stock to be employed and actually paid in. Capital stock may be any amount.

d. Domiciliary Office. — The principal place of business must be set forth.

e. Duration. — Corporate existence is limited to twenty years (sec. 2350).

In re Devaux, 54 Ga. 673; Hendrix *v.* Academy, 73 Ga. 437; Davis *v.* Company, 17 Ga. 323; Daniel *v.* Wilson, 91 Ga. 238; 18 S. E. 134.

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers, the following additional powers are conferred: To receive donations by gift or will; to create a lien upon the stock for debts due from stockholders (secs. 1852, 2825). Corporations are forbidden by constitutional provision to own or hold stock in other corporations (Cons., Art. IV. sec. 11, par. 4). They are also forbidden to consolidate or merge with other corporations when the effect would be to defeat or risk competition or to encourage monopoly (Cons., Art. IV. sec. 11, par. 4; secs. 6467–6472). The rights of majority and minority stockholders are enumerated in the statute, secs. 1859, 1860). Corporators have an interest in the franchises of the corporation, of which they cannot be deprived except by due process of the law. Mandamus will lie against the corporation to enforce such right if there is no legal remedy (Cons., Art. IV. sec. 2, par. 4. See also as to special powers of mining corporations, Laws of 1904, p. 51).

Trust Co. *v.* State, 109 Ga. 736; 35 S. E. 323; Waycross, etc. Ry. Co. *v.* Offerman, 109 Ga. 827; 35 S. E. 275; Bradford *v.* Company, 58 Ga. 280; U. B. Ry. Co. *v.* Company, 14 Ga. 327.

5. **Procuring the Charter.** — The declaration of incorporation prepared by the incorporators as prescribed by sec. 2350 of the Code (see *ante*, sec. 3) must be presented in the form of a petition to the Superior Court of the county in which the corporation desires to transact business. The manner of execution of the declaration of incorporation is not prescribed by statute. The petition must be published once a week for four consecutive weeks in the nearest newspaper to the point where the corporate business is to be carried on. When the court grants the petition by order to that effect, the petition and the order must be recorded by the clerk of the Superior Court in the record of "Superior Court charters." The proceedings must also be recorded in the minutes of the court as part of the proceedings thereof. The order itself is to the effect that the petitioners and their successors are incorporated for a term of not exceeding twenty years, with the privilege of renewal at the expiration of that time in the manner provided by statute. Before business can be commenced ten per cent of the authorized capital stock must be paid in. Corporate business must be commenced within two years after the issuance of the charter (sec. 2350).

Existence of a corporation cannot be collaterally attacked. All who have dealt with the corporation as such are estopped from denying its corporate existence (sec. 1862).

Harriman *v.* Baptist Church, 63 Ga. 186; *In re* Deveaux, 54 Ga. 673; Etowah Mil. Co. *v.* Crenshaw, 116 Ga. 406; 42 S. E. 709; McCandless *v.* Company, 115 Ga. 968; 42 S. E. 449.

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of corporate indebtedness. If the corporation desires to issue bonds, it must furnish to the Secretary of State a certified statement in relation thereto (Laws of 1900, chap. 139; secs. 1866–1868, 6157).

7. **Organization Tax.** — There is no organization tax imposed as such in Georgia. Under the statute the clerk of the court has power to collect the usual fees allowed for similar services in other cases. These fees vary from $10 to $20.

8. **Filing and Recording Fees.** — The average cost for filing petition for charter in the office of the county clerk and for docketing and spreading the order granting petition on the minutes, $12.50. The cost of certified copy of the charter is $2.50; cost of publishing articles of incorporation depends upon whether the publication is made in a country or city newspaper, and ranges from $5 to $20.

9. **Commencing Business.** — Corporations before commencing business must pay in ten per cent of the authorized capital stock (sec. 2350). Business must be commenced within two years (sec. 2350). In order to avoid liability, the incorporators must see that the minimum capital stock has been subscribed for and ten per cent thereof paid in before commencing business (sec. 1856).

McCandless *v.* Company, 115 Ga. 968; 42 S. E. 449; Atherton *v.* Company, 71 Ga. 106.

10. **Organization Meeting.** — In the absence of any statute expressly authorizing the holding of meetings elsewhere, organization meetings must be held within the State.

Mining Co. *v.* King, 45 Ga. 34.

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. Directors' meetings may be held without the State if the by-laws so provide.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The statute makes no special provision with relation to directors other than to

provide that they shall represent the corporation and its stockholders. Their number, qualifications, term of office, and powers are left largely for determination to the by-laws adopted by the incorporators (secs. 1858, 1861).

b. Liabilities. — Directors are liable for the declaration of any dividend or the distribution of money among the stockholders as profits when such dividend or money is not the legitimate proceeds of such investments. (See Penal Code, sec. 691; Laws of 1902, chap. 13, p. 58.) The law provides that for failure to allow an inspection of list of stockholders, or for the declaration of illegal dividends, or for refusing to give certificate of stockholders and their holdings on application in a suit against the corporation, the officers responsible therefor shall be held liable. (See secs. 594, 691 of the Penal Code; also Civ. Code, secs. 1861, 1891, 1895.)

13. **Stockholders' Liabilities.** — Stockholders are liable for the debts of the company only to the extent of their unpaid stock subscriptions. Stockholders who are incorporators and who organize the company and transact business under that name before the minimum amount of capital stock has been subscribed for, are liable to creditors to make good the minimum stock with interest (secs. 1889, 1890, 2350). Whenever a stockholder purchases stock upon which there is a liability for unpaid subscriptions, he shall be exempt from further liability unless the corporation fails within six months from the date of the transfer (sec. 1888).

Fouche *v.* Bank of Rome, 110 Ga. 827; 36 S. E. 256; Wilkinson *v.* Bertock, 111 Ga. 187; 36 S. E. 623; Harrell *v.* Blount, 112 Ga. 711; 38 S. E. 56; Tichenor *v.* Williams, etc. Co., 116 Ga. 306; 42 S. E. 505; Allen *v.* Grant, 122 Ga. 552; Bank *v.* Warthan, 119 Ga. 990.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by such officers as the by-laws may designate for that purpose. The par value of stock certificates may be any amount.

15. **Preferred Stock.** — There is no statutory provision expressly authorizing the issuance of preferred stock.

See, however, Totten *v.* Tison, 54 Ga. 139.

16. **Payment of Capital Stock.** — The statute does not authorize in express terms the issuance of capital stock for anything except cash.

See Hayden *v.* Atlanta Cotton Factory, 61 Ga. 233; Fouche *v.* Bank of Rome, 110 Ga. 827; 36 S. E. 256; McCandless *v.* Company, 115 Ga. 978; 42 S. E. 449; Macon, etc. Ry. Co. *v.* Vernon, 57 Ga. 314.

17. **Books.** — The corporation is required to keep a stock register which is open to the inspection of creditors (Penal Code, sec. 594; Civ. Code, secs. 1890, 1891, 1895).

18. **Office.** — Every corporation must maintain an office within the State (sec. 2350).

R. R. Co. *v.* Wilson, 116 Ga. 189; E. M. Co. *v.* Crenshaw, 116 Ga. 406.

19. **Reports.** — Annual reports must be filed with the Secretary of State as the ex-officio corporation commissioner of the State on or before November 1st of each year. This report must show name of company, facts relating to incorporation, amount of capital stock, business, and location of the principal office (Laws of 1906, p. 103).

20. **Anti-Trust Statute.** — By statute all combinations made with a view to lessen free competition in the importation or sale of articles, or in the manufacture or sale of articles of domestic growth, are illegal and void (Laws of 1896, p. 68).

In the case of Brown & Allen *et al. v.* Jacobs, etc. Co. (115 Ga. 428), this statute was declared unconstitutional as exempting from its provisions agricultural products and live-stock. The court, however, in this case held that under the common law of the State it was contrary to public policy for unjust combinations to lessen free competition, and that therefore the statute was unnecessary. The State legislature is forbidden by constitutional enactment to authorize any corporation to buy stock or make any contract with any other corporation which may have the effect of defeating or risking competition or encouraging monopoly (Cons., Art. IV. sec. 2, par. 4. See also secs. 6468, 6470, 6471).

Willis *v.* Company, 120 Ga. 597.

21. **Statutory Grounds for Forfeiture of Charter.** — A corporation may forfeit its charter by wilful violation of any of the essential conditions on which it was granted. Also by misuse or non-user of its franchises. Dissolution for either cause can be effected only by a court of competent jurisdiction declaring forfeiture (Civil Code, secs. 1882–1886).

22. **Amendments.** — The incorporation acts relative to the incorporation of companies through the medium of the Superior Court is very vague when it comes to the matter of amending charters. Sec. 2350 of the Code, sub. 6, provides that the power conferred upon the Superior Court to grant charters shall extend to the amendment or renewal of the same. The power thus conferred is held by the courts to be sufficient to permit of the amendment of charters to practically an unlimited extent. (See also Code, secs. 1840–1845 inclusive, as to the amendment of charters of banking, insurance, railroad, canal, navigation, express, or telegraph companies. See also Laws of 1902, p. 49.)

Macon, etc. Ry. Co. *v.* Gibson, 85 Ga. 1; 11 S. E. 442.

23. **Annual License Tax.** — An annual license tax must be paid to the tax collector of the county in which the corporate business is carried on in the following amounts: Where the capital of the corporation does not exceed $25,000, $5; over $25,000 and not over $100,000, $10; over $100,000 and not over $300,000, $25; over $300,000 and not over $500,000, $50; over $500,000 and not over $1,000,000, $75; on any amount over $1,000,000, $100 (Laws of 1907, pp. 33–34).

24. **Extension of Corporate Existence.** — Corporate existence may be extended by complying with the statutes in that regard (sec. 2350, sub. 6; Laws of 1897, p. 28).

25. **Dissolution.** — Corporations are dissolved, (1) by expiration of the charter; (2) by forfeiture of the charter; (3) by surrender of franchises; (4) by the death of all its members without provision for its succession (Code, sec. 1882).

Atlanta *v.* Gate City Gas Light Co., 71 Ga. 106; Georgia Central Ry. Co. *v.* Tifton, Thomasville, & Gulf Ry. Co., 109 Ga. 766.

26. **Foreign Corporations.** — Foreign corporations are permitted to do business in Georgia as a matter of comity to the same extent as Georgia corporations are recognized in the domiciliary State of such foreign corporation (sec. 1846). They are forbidden to own land in Georgia to the amount of five thousand acres or over without incorporating under Georgia laws (sec. 1849). The General Tax Act of Georgia for the years 1908 and 1909, sec. 42, Laws of 1907, p. 34, provides that a tax shall be imposed upon agents of foreign corporations having a place of business in the State annually as follows: Upon cor-

porations with a capital not exceeding $25,000, $5; with a capital over $25,000 and not over $100,000, $10; over $100,000 and not over $300,000, $25; over $300,000 and not over $500,000, $50; over $500,000 and not over $1,000,000, $75; over $1,000,000, $100. The act further provides that if such foreign corporation shall on or before the 1st day of April of each year pay to the Comptroller-General the amount of license tax prescribed for domestic corporations (see *ante*, sec. 22), then such agent shall be relieved from the payment of such annual license tax, and to that end such foreign corporations shall register their names, capital stock, and names of agent with the Comptroller-General before the 1st day of April of each year. In case of the failure of a foreign corporation to make the returns required by law, or to pay taxes, their right to do business in the State is suspended (Pol. Code, sec. 875). All corporations, except banks, doing business in this State are required to make a return annually to the Secretary of State, through the president or general manager, on or by the 1st of November, embracing the following information: (1) The name of the company; (2) when incorporated; (3) by what authority; (4) where incorporated; (5) the amount of the capital stock of said corporation; (6) the business of the corporation; (7) its principal office. At the time of making said return the officer making same shall remit a fee of $1 for the first year, and annually thereafter 50 cents. The penalty for the failure to make this promptly is $50 (Act of August 17, 1906). The fee for filing with the Secretary of State the first annual report is $1, thereafter filing fee is 50 cents annually.

V. B. R. R. Co. *v.* E. T. & G. R. R. Co., 114 Ga. 327; A. C. Society *v.* Gartell, 23 Ga. 448; S. C. Ry. Co. *v.* People's Sav. Ins., 64 Ga. 18.

HAWAII.

(The references cited below are to chap. 157 of the Revised Laws of Hawaii, 1905, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Hawaii is to be found in the Revised Laws of Hawaii, 1905, chap. 157, secs. 2535–2569 inclusive. Provisions relative to foreign corporations are to be found in the Revised Laws of 1905, chap. 160, secs. 2623–2629 inclusive. Under this act corporations may be formed for any purpose excepting banking and professional business.

2. **Incorporators.** — Any number not less than five, a majority of whom must be residents of Hawaii.

3. **Contents of Articles of Association.** — The articles must set forth :

a. Name. — The name must be followed by the word "Limited."

b. Domicile. — Location of its principal office.

c. Purpose. — The purpose of the company.

d. Capital Stock. — The amount of the capital stock, and if the privilege of subsequent extension thereof is asked for, the limit of such extension.

e. Officers. — Number and designation of officers proposed. The duration of the corporation should also be stated, and this cannot exceed fifty years (sec. 2539). In the provisions of law with reference to the creation of corporations by charter (having special reference to quasi-public and eleemosynary corporations) is to be found the following: "In the case of joint-stock companies, there shall, in addition to a written petition accompanied by proofs that three-fourths of the shares have been subscribed for, be also filed at the same time in the office of the Territorial Treasurer a certificate setting forth the location of the proposed company, the object of the corporation, the amount of stock proposed, and, if the privilege of subsequent extension thereof is asked for, the limit of the extension, the proposed duration of the company, the time within which it is to organize, whether the liability of stockholders is to be limited to the amount of their stock or otherwise; and also whether the whole or any part of the capital stock is to be paid in before commencing operations, and if in part, what part (sec. 2545).

4. **Statutory Powers.** — In addition to a statutory enumeration of the common law powers, corporations have the following additional powers : To issue preferred stock. To forfeit stock for non-payment of assessments. To vote at stockholders' meetings by proxy (secs. 2551, 2552, 2554, 2558, 2559, 2560).

5. **Procuring the Charter.** — The incorporators must sign and acknowledge the articles of association before some officer authorized to take acknowledgments. The articles of association must then be recorded in the office of the Treasurer of the Territory. They must be accompanied by an affidavit, sworn to by the president, secretary, and treasurer of the corporation, setting forth the number of shares, amount of capital stock, names of subscribers to the capital stock, and the amount paid thereon. When the object of the corporation is to take over and conduct any existing agricultural, manufacturing, shipping, or trading business or enterprise, affidavit must then contain a full description of the property intended to represent the capital stock of the pro-

posed corporation, a detailed valuation of each item of the property, and copy of the conveyances to be made by the owners of such business to the proposed corporation (secs. 2536–2538 inclusive).

Hackfeld *v.* King, 11 H. 5.

6. **Corporate Indebtedness.** — The amount of indebtedness must at no time exceed the amount of the capital stock (sec. 2564).

7. **Organization Tax.** — There is no organization tax imposed upon corporations organized in Hawaii. There is, however, a stamp tax of $25 on all charters or articles of association (secs. 1298, 1320).

8. **Filing and Recording Fees.** — For filing and recording in the office of the Territorial Treasurer, approximately $5; for every copy of any document, 50 cents per hundred words (sec. 1181).

9. **Commencing Business.** — Corporations may commence business as soon as three-fourths of the authorized capital stock has been subscribed for and ten per cent thereof shall have been paid in, or the corporation shall have acquired property of a value equal to ten per cent of its capital (sec. 2540).

10. **Organization Meeting.** — Organization meeting must be held within the Territory (see, however, sec. 2555).

O. S. Co. *v.* Austin, 5 H. 555.

11. **Meetings of Stockholders and Directors.** — In the absence of unanimous consent of stockholders, the meetings must be held within the Territory. The law, however, provides that when all the stockholders are present, either in person or by proxy, and shall sign a written consent thereto on the record of such meeting, the doings of such meeting shall be valid (secs. 2555–2557). It would appear, in the absence of any statute providing otherwise, that directors' meetings may be held without the Territory if the by-laws so provide.

Brown *v.* Carter, 15 H. 333.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There is no limit to the number of directors, nor are any residential qualifications prescribed. The matter is left to be regulated by the by-laws.

b. Liabilities. — Directors are individually liable for making dividends except from the profits of the business, for the withdrawal of capital stock, and are also criminally liable for making false statements in affidavits, reports, etc. (secs. 2561, 2565). They are also liable for holding themselves out as a corporation without having duly complied with the law (sec. 2565).

13. **Stockholders' Liabilities.** — Stockholders are liable only to the extent of their unpaid stock subscriptions (secs. 2562–2564 inclusive).

14. **Stock Certificates.** — Every stockholder is entitled to a certificate signed by such officers as the by-laws may prescribe. Par value may be any amount (see sec. 2550). Every certificate must show plainly how much of its par value has been paid in (sec. 2550).

15. **Preferred Stock.** — Preferred stock may be issued upon the vote of three-fourths of all the shares at a meeting of the stockholders called for that purpose. Dividends on preferred stock are limited to ten per cent per annum out of the annual profits of the company. The statutes give to the holders of preferred stock the right to convert the same into common stock at their election at any time. Cumulative dividends are forbidden by law (sec. 2552).

16. **Payment of Capital Stock.** — Stock may be issued in exchange for money or money's worth (secs. 2538, 2540).

17. **Books.** — The stock books must be kept at the principal office of the corporation, and be open to the inspection of stockholders and creditors during business hours (secs. 2548, 2566).

Marks *v.* Parmelee, 13 H. 438.

18. **Office and Agent.** — The corporation must have a principal office at the place designated in the articles of association (secs. 2536–2548).

19. **Reports.** — There is a general provision that all business corporations shall annually make a statement of corporate affairs, the same to be presented at such time as the treasurer shall require (sec. 2566). It is also provided by law that every business corporation shall render to the tax assessor all its checks deposited between July 1st and 31st of each year, and returned in the form prescribed by the Treasurer of the Territory, stating: (1) Gross returns from sales made during the preceding year to June 30th, last preceding at home and abroad. (2) Expenses exclusive of interest annuities and dividends. (3) Interest, annuities, and dividends paid, stated separately. (4) Amount expended on permanent improvements. (5) Amounts paid for salaries or compensation of more than $600 to each person, and names and amounts paid to each (sec. 1282).

20. **Anti-Trust Statute.** — The statute in enumerating unlawful conspiracies declares that the establishment, management, or conducting of a trust or monopoly in the purchase or sale of any commodity is a conspiracy of the second degree, punishable by imprisonment at hard labor not more than two years, or fine not exceeding $10,000, in the discretion of the court (secs. 3091, 3100 ; see also sec. 2541).

21. **Statutory Grounds for Forfeiture of Charter.** — *Quo warranto* will lie against corporations not legally incorporated (sec. 2044 to 2052).

22. **Amendments.** — The Territorial Treasurer, with the approval of the governor, has power to permit and allow amendment of articles of association, provided they confer no other corporate powers or privileges than could have been lawfully conferred or obtained in the original articles of association (secs. 2545, 2546).

23. **Extension of Corporate Existence.** — The Territorial Treasurer has power on the expiration of any charter to renew the same on application to him for that purpose by two-thirds of the stockholders of said company and the said explanation to him of the state of its affairs (sec. 2543).

24. **Dissolution.** — Corporate dissolution may be obtained by petition to the Territorial Treasurer, together with certificate setting forth the date of the meeting of the stockholders called for that purpose, at which it was decided by a vote of three-fourths of the stockholders to dissolve the corporation, which certificate shall be signed by the presiding officer or secretary of said meeting. The Treasurer shall thereupon enter such petition and certificate of record in his office, and after sixty days' publication of notice in such manner as he shall prescribe, he shall proceed to consider the same, and when satisfied that the vote certified has been truly taken, and that all claims against the corporation are discharged, he shall declare such corporation dissolved (secs. 2568, 2569).

25. **Annual License Fees.** — A tax of two per cent is levied annually on the net income above actual operating and business expenses of all companies doing business in the Territory, no matter where created or organized (sec. 1279). Regular tax returns are required to be made in June of each year (sec. 1277). The returns of the annual income tax of two per cent on net profits

referred to above must be made between July 1st and 31st of each year (secs. 1279, 1282).

Robertson *v.* Pratt, 13 H. 590; Peacock *v.* Pratt, 121 Fed. Rep. 772.

26. **Foreign Corporations.** — Every foreign corporation carrying on business in the Territory or acquiring real estate therein, must file in the office of the Territorial Treasurer (1) a certified copy of its charter, (2) the names of its officers, (3) the name of some person within the Territory of Hawaii upon whom process may be served, (4) a certified copy of the by-laws of the corporation. Upon compliance with the foregoing, and upon payment to the Treasurer of a fee of $50, the corporation will be permitted to transact business within the Territory. It is also necessary to procure an annual license from the Territorial Treasurer. The fee for this license is one-fourth of a mill on each dollar of authorized capital stock. The minimum fee, however, is $150 (secs. 2623–2626 inclusive). Annual reports are required the same as of domestic corporations (secs. 2627–2629).

IDAHO.

(The references cited below are to the Civil Code of Idaho, 1901, unless otherwise stated.)

1. **Statutes under which Business Corporations may be incorporated.** — The Business Corporation Act of Idaho is found in the Civil Code of that State (1901), secs. 2085–2162, as amended by recent Session Laws. Special acts are provided for bridge, ferry, flume, boom, gas, fidelity, domestic insurance, railroad, telegraph, telephone, water, canal, and wagon road companies. (See Laws of 1905, pp. 150, 162.)

2. **Incorporators.** — May be any number of persons not less than three, one of whom must be a *bona fide* resident of the State (Session Laws of 1905, Act No. 140, p. 163 ; Laws of 1907, p. 540).

3. **Contents of the Articles of Incorporation.** — The articles must set forth:

a. Name. — Similarity of names is not specifically forbidden.

b. Purpose. — The Secretary of State allows articles to be filed providing for any number of purposes not covered by special acts.

c. Domiciliary Office. — The place where the principal business is to be transacted must be set forth.

d. Corporate Existence. — May be any number of years not exceeding fifty.

e. Board of Directors. — The board of directors or trustees, and the names and residences of those who are appointed for the first year. The number must not be less than three nor more than fifteen. The directors must all be stockholders, in an amount to be fixed by the by-laws, and at least one must be a citizen and *bona fide* resident of the State (sec. 2102, Laws of 1905, pp. 161, 165).

f. Capital Stock. — The amount of the capital stock and the number of shares into which it is divided. The capital stock as well as the par value of the shares may be any amount.

g. Stock Subscriptions. — If there is capital stock, the amount actually subscribed and by whom should be set forth (sec. 2089).

Any corporation may at its option provide in its articles or by amendment thereof for the election of one-third of its directors for the term of one year, one-third for two years, and one-third for three years (sec. 2089, as amended by Session Laws of 1905, p. 166).

If it is desired to hold meetings of the board of directors without the State, provision may be made therefor in the articles of incorporation.

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers the following additional powers are granted: To classify and remove directors; to authorize voting by proxy; to forfeit stock for nonpayment of assessments; to extend corporate existence (secs. 2107, 2109, 2125–2137, 2144, 2149; Laws of 1905, p. 164), also to cumulate votes in the election of directors (Laws of 1907, pp. 540, 541).

5. **Procuring the Charter.** — The articles must be subscribed and acknowledged by at least three of the incorporators. The articles must then be filed in the office of the county recorder of the county in which the principal place of business of the company is to be transacted, and a copy thereof, duly certified by such recorder, must be filed and recorded in the office of the Secretary of

State (sec. 2094 as amended by Laws of 1907, p. 555). Thereupon the Secretary of State issues to the corporation a certificate that a copy of the articles containing the required statement of facts has been filed in his office. Thereupon the corporate existence commences. If it is proposed to purchase or locate property in any other county of the State, there must be filed with the county recorder of that county, within sixty days after such purchase or location is made, a certified copy of the articles of incorporation. The due incorporation of any company or its rights to exercise corporate powers cannot be inquired into collaterally in any private suit to which such *de facto* corporation may be a party (secs. 2091, 2094, 2097, 2147; Session Laws of 1905, p. 161).

6. **Corporate Indebtedness.** — Must not exceed amount of authorized capital stock (sec. 2148).

7. **Organization Tax.** — When the authorized capital stock does not exceed $25,000 the organization tax is $10; when it exceeds $25,000 and does not exceed $50,000, $20; when it exceeds $50,000 and does not exceed $100,000, $40; when it exceeds $100,000 and does not exceed $500,000, $60; when it exceeds $500,000 and does not exceed $1,000,000, $100; when it exceeds $1,000,000, $150 (Laws of 1907, pp. 215–217).

8. **Filing and Recording Fees.** — To the Secretary of State for recording articles of incorporation, 20 cents per folio; for issuing certified copy of articles of incorporation, 20 cents per folio for copy and $1 for certificate; for issuing certificates of incorporation, $3; for filing certificates of increase of capital stock there shall be charged the fee for the total capitalization of the corporation less the amount already paid for filing the original articles of incorporation; for filing certificates of all other changes in articles of incorporation, $5; for issuing certificate of increase or decrease in capital stock, $3; for filing, recording, and indexing designation of agent for foreign corporations, $2 (Laws of 1907, pp. 215–217); for filing articles in recorder's office in local county office, 50 cents, and for recording articles therein, 20 cents per folio; for certified copy of articles of incorporation by recorder of county in which the corporation's principal place of business is located, 20 cents per folio.

9. **Commencing Business.**—Corporations may commence business as soon as the articles of incorporation are filed. Within one month after filing the articles of incorporation a code of by-laws must be adopted (sec. 2101, as amended by Laws of 1907, pp. 571, 572). If the corporation does not organize and commence business or the construction of its works within one year from the date of its incorporation, its corporate powers cease (secs. 2077, 2094, 2098, 2147).

10. **Organization Meeting.** — The incorporators within one month from the date the charter is issued should sign a written agreement fixing the time and place within the State for the organization of the corporation. In the absence of such written agreement the meeting is called by advertisement of it in advance of the date of the meeting in some newspaper published in the county in which the principal place of business of the corporation is located. The written assent of the holders of two-thirds of the stock subscribed or two-thirds of the members shall be sufficient to adopt a code of by-laws without a meeting for that purpose. The statute sets forth certain matters which may be covered by the by-laws, including penalties for violation of by-laws, not exceeding in any case $100 for any one offence. The by-laws must be certified by a majority of the directors and the secretary of the corporation, and copied in the book of by-laws to be kept at the principal office of the corporation within the

State (Laws of 1907, p. 572). Immediately after the adjournment of the incorporators' meeting the directors named in the articles of incorporation should meet, and after the election of a chairman and secretary should proceed to the election of the officers named in the by-laws. These officers under the statute must consist of a president, who is himself a director, and a secretary and treasurer. The law provides that at the first meeting at which the by-laws are adopted, or at such subsequent meeting as may be then designated, directors must be elected to hold their office for one year and until their successors are elected and qualify. Organization meeting must be held within the State in the absence of any statute authorizing such meetings to be held without the State (sec. 2103; Session Laws of 1905, pp. 165, 166).

11. **Meetings of Stockholders and Directors.** — All meetings of stockholders must be held at the principal place of business of the corporation within the State (Laws of 1905, p. 165). Meetings of the board of directors or executive committee must be held at the principal place of business of the corporation within the State, unless otherwise provided in the articles of incorporation or amended articles or by-laws, or by resolution of the board (Laws of 1905, pp. 164–166).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be a board of not less than three nor more than fifteen directors, to be elected from among the stockholders. At least one of the directors must in all cases be a citizen and actual *bona fide* resident of the State. The directors must all be stockholders in an amount to be fixed by the by-laws. A majority of the board must be present in order to constitute a quorum thereof. The directors may be divided into three classes, if desired (Laws of 1905, p. 161). Railroad, wagon road, telegraph, and telephone companies are authorized to appoint an executive committee equal in number to a quorum of the board, such committee to have all the rights and powers and privileges of the full board (Laws of 1905, pp. 161–165). The cumulative system of voting for directors is in force in the State (Laws of 1907, pp. 540, 541). Directors may be removed by a two-thirds vote of the stock at a regular meeting called on notice specifying the purpose according to the by-laws. The meeting may be called by the president or a majority of the directors or by one-half of the voting stock (sec. 2107). The power to adopt by-laws may be delegated to the board of directors, if the stockholders so elect (Laws of 1907, p. 571).

b. Liabilities. — Directors are jointly and severally liable for authorizing the payment of dividends other than from the surplus profits arising from the business. They are also liable for dividing or withdrawing or paying to the stockholders any part of the capital stock unless they enter their dissent on the minutes of the directors at the time, or, when not present, as soon as they are informed of the action referred to. They are also subject to further liability for certain acts specified in the Penal Code (secs. 2106, 2113; P. C., 5010–5026; see also Laws of 1907, pp. 25, 26, relative to making false reports, prospecti, etc.).

13. **Stockholders' Liabilities.** — Stockholders are liable for the amount unpaid upon the par or face value of the shares owned by them. To avail themselves of this provision of the statute they must cause to be written or printed under the corporate name on its stock certificates, letters, bill heads, and all official documents the word "limited" (secs. 2119, 2120; see also Cons., Art. XI. sec. 17).

14. **Preferred Stock.** — There is no statutory provision expressly authorizing the issuance of preferred stock.

15. **Payment of Capital Stock.** — Under the Idaho Constitution no corporation can issue stock except for labor done, services performed, or money or property actually received. This statute, however, provides that money actually paid upon the indebtedness of the corporation as provided by such statute may be credited upon stock subscriptions to the full amount so paid (Cons., Art. XI. sec. 9; Laws of 1899, p. 115, amending sec. 2119).

16. **Books.** — The stock and transfer books must be kept within the State at the principal office of the corporation. Also a book of by-laws must be kept at the company's office within the State (sec. 2101, as amended by Laws of 1907, pp. 571, 572). All books are open to inspection of stockholders and creditors (secs. 2101, 2150, 2151).

17. **Stock Certificates.** — Each stockholder is entitled to a certificate showing the number of shares owned by him, signed by the president and secretary (sec. 2121).

18. **Office.** — Every corporation must maintain an office within the State (secs. 2101, 2151).

19. **Reports.** — All corporations, both domestic and foreign, except insurance and surety companies and mining corporations owning mines which are not productive, worked, or operated, shall during the month of June of each year and on or before the 1st day of July of each year furnish to the Secretary of State, upon blanks to be furnished by him, a correct statement, sworn to by one of the officers of the corporation or managing agent or authorized attorney in fact in this State of any foreign corporation, before some officer duly authorized to administer oaths, setting forth the name of the corporation, the location of its principal office, the names of the president, secretary, and treasurer, with the post-office address of each, date of annual election of directors and officers of such corporation, the amount of authorized capital stock, the number of shares, the par value of each share, the amount of capital stock subscribed, the amount of capital stock issued, and the amount of capital stock paid up. Every foreign corporation shall include in such statement the names and post-office addresses of its managing agent and attorneys in fact in the State (Laws of 1907, pp. 235, 236).

20. **Anti-Trust Statute.** — Combinations for fixing prices on any article of commerce, of produce, of sale, or of consumption by the people are illegal. (See Cons., Art. XI. sec. 18.)

21. **Statutory Ground for Forfeiture of Charter.** — Failure to organize and transact the corporate business or the construction of corporate works within one year from the date of incorporation is a ground for forfeiture (sec. 2147).

22. **Extension of Corporate Existence.** — Every corporation formed for a period less than fifty years may, at any time prior to the expiration of the term of its corporate existence, extend such term to a period not exceeding fifty years from its formation. Such extension may be made by a two-thirds vote of the stockholders cast at a meeting called by the directors for that purpose. The certificate of the proceedings must be signed by the chairman and secretary of the meeting and be filed in the office of the county recorder where the original articles of incorporation are filed, and a certified copy thereof must be filed in the office of the Secretary of State (secs. 2160, 2161).

23. **Annual License Tax.** — Every corporation, domestic as well as foreign, shall pay an annual license fee in proportion to the amount of its authorized capital stock, as follows, to wit: Where such capital stock shall not exceed $5,000, an annual license fee of $10 must be paid. Where the capital

stock exceeds $5,000 and does not exceed $10,000, $12.50; where the capital stock exceeds $10,000 and does not exceed $25,000, $15; where the capital stock shall exceed $25,000 and shall not exceed $50,000, $22.50; where the capital stock exceeds $50,000 and does not exceed $100,000, $37.50; where the capital stock exceeds $100,000 and shall not exceed $250,000, $52.50; where the capital stock shall exceed $250,000 and shall not exceed $500,000, $75. If the capital stock shall exceed $500,000 and shall not exceed $1,000,000, $90. Where the capital stock shall exceed $1,000,000 and shall not exceed $2,000,000, $130. If such capital stock shall exceed $2,000,000 then the annual license fee shall be $150. The fees above provided for become due and payable within thirty days from the 15th day of July of each year. The annual license fee required by this act shall be paid in advance for the fiscal year beginning July 1st of each year, and in case new corporations are formed or enter the State during the fiscal year, the first year's fee shall be proportionate to such fraction of a year (Laws of 1907, pp. 235–237).

24. **Amendments.** — Articles may be amended for the purpose of increasing the number of directors by vote of a majority of the stockholders. The amendment when adopted must be filed in the manner provided for the filing of original articles (Laws of 1905, p. 161). Corporations may increase or decrease their capital stock in the following manner: (1) By a majority vote of the directors there may be called a meeting of the stockholders, to be convened for the purpose of increasing or diminishing the capital stock. (2) Personal notice of the time and place of such meeting and of the object thereof must be served on each stockholder at least thirty days prior to the date of such proposed meeting; or in lieu thereof a notice must be published at least once a week in a newspaper published in the county where the principal place of business is located for at least thirty days. (3) The notice must also contain the amount to which it is proposed to increase or diminish the capital stock. (4) The capital stock must in no case be diminished to an amount less than the indebtedness of the corporation or the estimated cost of the works which it may be the object or purpose of the corporation to construct. (5) At least two-thirds of the entire capital stock must vote in favor of such increase or diminution before the same is effected. (6) A certificate signed and verified by the chairman and secretary of the meeting must be made, showing a strict compliance with the requirements of this section, the amount to which the capital stock has been increased or diminished, the amount of stock represented at the meeting, the vote by which the object was accomplished. (7) The certificate must be subscribed by a majority of the directors and duplicates made, one to be filed in the office of the county recorder and one to be filed and recorded in the office of the Secretary of State as provided for original articles of incorporation (Laws of 1907, pp. 540, 541). (8) The written assent of the holders of three-fourths of the subscribed capital stock is as effectual to authorize the increase or diminution of the capital stock as if the meeting were called and held; and upon written assent, the directors may proceed to make the certificate herein provided for (sec. 2148).

Corporations may also change their principal place of business from one place to another within the State. Before such change is made the consent in writing of the holders of two-thirds of the capital stock must be obtained and filed. Notice of such intention to change must be published at least once a week for three sucessive weeks, giving the name of the county where it is situated and that to which it is intended to remove (sec. 2118).

25. **Dissolution.** — Corporations may be dissolved upon application to the courts (sec. 2159; C. C. P., secs. 3834–3840).

S. S. & T. Co. *v.* Piper, 4 Idaho, 463; 40 Pac. 144.

26. **Foreign Corporations.** — Every foreign corporation before doing business within the State must file and record with the county recorder of the county in which its principal business is to be transacted a copy of its articles of incorporation certified by the Secretary of State of the State in which said corporation was organized, and file in the office of the Secretary of State a copy of its articles certified by the recorder, and pay to the Secretary of State the same fees as provided for incorporating domestic corporations. They must within three months from the time of commencing business within the State also file in the office of the clerk of the District Court of the county where such principal place of business is to be located, and also in the office of the Secretary of State, a designation of some person residing in said county on whom process may be served (Cons., Art. X.; R. S., secs. 2119, 2162, as amended by Laws of 1903, pp. 49, 50; Laws of 1907, p. 319). Foreign corporations must also pay the same annual license tax as is required of domestic corporations and make the same reports (see *ante*, sec. 23; Laws of 1907, p. 235).

Katz *v.* Herrick (Idaho), 86 Pac. 873; Vermont Loan & Trust Co. *v.* Hoffman, 5 Idaho, 376; 49 Pac. 314; Boyer *v.* N. P. R. R. Co. (Idaho), 66 Pac. 826; Thum *v.* Pyke (Idaho), 66 Pac. 167; B. C. M. Co. *v.* Frizzell (Idaho), 81 Pac. 58.

ILLINOIS.

(The references cited below are to the Revised Statutes, 1899, chap. 32, unless otherwise stated.)

1. **Statute under which Business Corporations may be incorporated.** — The Business Corporation Act of Illinois is found in the Revised Statutes of that State, secs. 985–1063 inclusive. Special acts are provided for banking, trust, insurance, real estate, brokerage, and railway corporations. (See also Laws of 1904, chap. 66.)

People *ex rel.* Bonney *v.* Rose, 188 Ill. 268.

2. **Incorporators.** — Any number of persons not less than three nor more than seven may form a corporation. There are no residential requirements (sec. 2).

3. **Statement of Incorporators** (sec. 2). — The incorporators must make a statement setting forth:

a. The Name of the Proposed Corporation. — No license can be issued to two companies having the same or a similar name as any domestic corporation, nor can any domestic corporation assume the same or a similar name to that of any foreign corporation previously admitted to do business in the State (secs. 2, 28½).

b. Purpose. — The statute uses the singular noun "object." The Secretary of State permits the insertion of any number of purposes not covered by special acts.

c. Capital Stock. — Capital stock may be any amount.

d. Number of Shares. — The par value of the shares must be not less than $10 nor more than $100 (sec. 7).

e. Domiciliary Office. — The location of the principal office within the State.

4. **Statutory Powers.** — The statute enumerates the common law powers of corporations. There is a limitation even on these to the extent that all real estate acquired by the corporation in satisfaction of any liability shall be offered at public auction at least once in every year, unless the same is necessary and suitable for the business of the corporation. The power to adopt by-laws is granted to the board of directors (sec. 6). The statute expressly authorizes mining and manufacturing corporations to hold stock of one or more railroads connecting different plants of the corporation with each other and with other railroads or wharves. Whenever consolidation takes place the consolidated company is liable for all debts of the two consolidated corporations. Power is also given to authorize voting of stockholders by proxy, to classify directors, and to forfeit stock for non-payment of assessments. Cumulative voting in election of directors is mandatory (secs. 3, 6, 7; Cons., Art. XI. sec. 3; see also Laws of 1904, chap. 66).

Com. N. B. *v.* Bureh, 141 Ill. 519; 31 N. E. 420; People *ex rel. v.* P. P. Car Co., 175 Ill. 125; First Nat. Bank *v.* Company, 191 Ill. 128.

5. **Procuring the Charter.** — The statement must be signed and acknowledged by each of the incorporators and must then be filed in the office of the Secretary of State. If the object for which such corporation is proposed to be

organized is clearly and distinctly stated and is a lawful object, the Secretary of State shall thereupon issue to said persons a license as commissioners to open books for subscription to the capital stock of the proposed corporation at such time and place as they may determine. Power is given to the Secretary of State to propound to the incorporators such interrogatories as he shall deem necessary to ascertain the object for which the corporation is formed. The commissioners are required to make a full report of their proceedings, including a copy of the notice of the opening of books of subscription and of the subscription list, a statement of the amount of capital, not less than one-half actually paid in, the amount of such capital not paid in, what disposition has been made of stock subscribed and not paid ; and if any proportion of the capital stock has been paid in property, the same shall be appraised by such commissioners and they shall report the fair cash value thereof. The report must contain the names of the directors elected with their residence and terms of office, and must be sworn to by at least a majority of the commissioners and the same, together with a statement setting forth the post-office address, including street and number of the office of the corporation, must be filed with the Secretary of State. The latter thereupon issues a certificate of the complete organization of the corporation, making a part thereof a copy of all the papers filed in his office in and about the organization of the corporation duly authenticated under his hand and seal of State. This certificate must then be recorded in the office of the recorder of deeds where the principal office of said company is located, whereupon the corporation shall be deemed fully organized and may proceed to do business (Laws of 1905, pp. 130–133). The corporation must be organized and proceed to do business within two years after the issuance of the license by the Secretary of State relative to the opening of books for subscription to the capital stock.

People *v.* Rose, 188 Ill. 268; 59 N. E. 432; Elgin Ill. Watch Co. *v.* Loveland, 132 Fed. 41; Gade *v.* Company, 165 Ill. 367; Edwards *v.* Company, 190 Ill. 467; Ricker *v.* Larkin, 27 Ill. App. 625.

6. **Corporate Indebtedness.** — Corporate indebtedness should not exceed the authorized capital stock (sec. 16).

7. **Organization Tax.** — The organization tax on any capitalization up to $2,500 is $30; up to $5,000 is $50; over $5,000, $50, and an additional $1 for each thousand dollars of capitalization over $5,000 (Laws of 1899, p. 117).

8. **Filing and Recording Fees.** — There is no filing fee payable to the Secretary of State other than the organization tax. There is a charge for recording the statement of incorporators and the return of the commissioner of 15 cents per hundred words. For certified copy of the foregoing the charge is 15 cents per hundred words and $1 for affixing the secretary's certificate thereto. The charge for filing amendments to articles of incorporation is $1. The recording fees in local county office are as follows: In counties of first class (population not over 25,000), 10 cents per hundred words; in counties of second class (over 25,000 and not exceeding 100,000), 8 cents per hundred words and certificate 25 cents additional; in counties of third class (population exceeding 100,000), 6 cents per hundred words and 25 cents additional for certificate.

9. **Commencing Business.** — Corporations may commence business as soon as the Secretary of State issues a certificate of complete organization and the same is recorded in the office of the recorder of deeds of the county where the principal place of business of said corporation is located. The corporation must organize and proceed to business within two years after the

Secretary of State issues his certificate of complete organization (sec. 4). All the capital stock must be subscribed in good faith, and one-half thereof must be actually paid in (sec. 8; Laws of 1905, p. 131). If the incorporators assume to act as a corporation before the requirements of the law are fully complied with, they are jointly and severally liable for all debts contracted (sec. 18).

People *v.* N. S. Bank, 129 Ill. 618; 22 N. E. 288; Gent. *v.* M. & M. I. Co., 107 Ill. 652; Allman *v.* Company, 88 Ill. 521; Merrick *v.* Company, 111 Ill. App. 153.

10. **Organization Meeting.** — In the absence of any statute providing otherwise, this meeting must be held within the State. The commissioners appointed by the Secretary of State to receive stock subscriptions have power under the statute to convene a meeting of the subscribers to the capital stock of the corporation for the purpose of electing directors, etc. Notice of this meeting may be waived in writing (the statute requires ten days' notice), the time and place fixed for said meeting to be designated therein. At this meeting the subscribers to the capital stock may vote in person or by proxy. Cumulative voting is permitted, if desired. Stockholders may divide the board of directors into three classes, to hold office for one, two, and three years respectively. After the Secretary of State has issued a certificate of complete organization, the board of directors should meet, and after effecting a temporary organization should first adopt a code of by-laws. They then should proceed to the election of a president, secretary, and treasurer, and such other officers as shall be designated by the by-laws so adopted (sec. 3).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. Directors' meetings to be valid must be held within the State, unless any action taken by the board without the limits of the State is either authorized or the action thereat taken ratified by a vote of two-thirds of the directors cast at a regular meeting of said board held within the State (secs. 20, 22).

Harding *v.* Company, 182 Ill. 551; 55 N. E. 577.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must not be less than three nor more than eleven directors. There are no residential requirements. Directors may be divided into classes, if desired. The right to cumulate votes for directors is mandatory (secs. 3, 6). The act provides that the directors may adopt by-laws for the government of the officers and affairs of the company (sec. 6).

Fey *v.* Company, 32 Ill. App. 618.

b. Liabilities. — If the indebtedness of any corporation shall exceed the amount of its capital stock, the directors assenting thereto are individually liable for such excess to the creditors of the corporation. They are also jointly and severally liable for all debts of the corporation then existing or thereafter contracted when they declare and pay any dividends when the corporation is insolvent, or any dividend the payment of which would render the corporation insolvent or which diminishes the amount of its capital stock; also for assuming to exercise corporate powers before all the capital stock is subscribed in good faith (secs. 16, 18, 19, 21). If any certified report or statement made or published notice given by the officers of any corporation shall be false in any material representation, the officers who have signed the same knowing it to be false shall be jointly and severally liable for all damages arising therefrom.

Greene *v.* Masten *et al.*, 66 Ill. App. 345; Kent *v.* Clark, 181 Ill. 237; 54 N. E. 967.

13. **Stockholders' Liabilities.** — Stockholders are personally liable for the amount unpaid upon their stock (sec. 8). The law also provides that all persons assuming to exercise corporate powers or to use a corporate name without complying with the law in regard to procuring charters, before all stock named in the articles of incorporation is subscribed in good faith, shall be liable for all debts and liabilities contracted by them in the name of such corporation (sec. 18).

Sprague *v.* Nat. Bank, 172 Ill. 149; 50 N. E. 19; First Nat. Bank *v.* Company, 191 Ill. 123; 60 N. E. 859; Sherwood *v.* Bank, 195 Ill. 112; 62 N. E. 835; Foote *v.* Bank, 194 Ill. 600; 62 N. E. 834; McCoy *v.* Exposition, 186 Ill. 356; 57 N. E. 1043; Florsheim *v.* Bank, 192 Ill. 382; 61 N. E. 491; Coleman *v.* Howe, 154 Ill. 458; 37 N. E. 725.

14. **Preferred Stock.** — There is no statutory provision expressly authorizing the issuance of preferred stock.

First Nat. Bank *v.* Company, 191 Ill. 128; 60 N. E. 859.

15. **Payment of Capital Stock.** — The statute is silent as to how the capital stock shall be paid. Under the common law rule, in the absence of any statutory prohibition, stock may be paid for in cash or in property taken in good faith at a fair valuation (sec. 4; as amended by Laws of 1905, p. 131).

G. C. & S. R. Co. *v.* Kelly, 77 Ill. 426; Higgins *v.* Lansingh, 154 Ill. 301; Farwell *v.* Company, 161 Ill. 522; S. R. C. S. Co. *v.* Rankin, 152 Ill. 622; Sprague *v.* Nat. Bank, 172 Ill. 149; Dean *v.* Baldwin, 99 Ill. App. 582; Parmelee *v.* Price, 208 Ill. 544; 70 N. E. 725; M. B. I. Co. *v.* Company, 210 Ill. 26; 71 N. E. 22.

16. **Books.** — The directors must keep at the principal office within the State books of account of the corporate business (sec. 13). They are open to inspection of stockholders.

17. **Stock Certificates.** — Each shareholder is entitled to a certificate showing the number of shares owned by him, signed by such officers as the by-laws shall prescribe. Par value of shares must not be less than $10 nor more than $100.

18. **Office.** — Every corporation must maintain an office within the State (secs. 2, 13).

19. **Reports.** — Before receiving a certificate of complete organization, each corporation shall file with the Secretary of State the post-office address of its business office, giving street and number, and it shall annually between February 1st and March 1st file with the Secretary of State a statement showing the location of the principal office within the State, with town, street, and number, names of its officers and their residences, — town, street, and number, — date of expiration of their terms of office; whether or not the corporation is pursuing an active business under its charter, and the kind of business; report must be under the corporate seal, signed and sworn to by some officer of the corporation, and a fee of $1 must be paid to the Secretary of State (Laws of 1903, pp. 121, 122). Within twenty days from December 1st of each year the president, secretary, or treasurer must file in the office of the Secretary of State, and record in the recorder's office of the county wherein the principal place of business of the corporation is located, a duly verified statement and description of any real estate acquired during the year in securing any debt or liability due the corporation, with date of acquiring title (sec. 17).

All corporations except coal mining, manufacturing, printing, newspaper, or stock-breeding corporations must file with the assessor of the district in which the office or place of business is located, in addition to the schedule of other property to be listed, a sworn statement of their capital stock, stating: (1) name and location of the company; (2) amount of capital stock authorized and number

of shares into which it is divided; (3) amount paid up; (4) market value, or, if none, actual value of shares; (5) total amount of indebtedness, except for current expenses; (6) assessed valuation of all tangible property (chap. 120, sec. 32; Laws of 1905, p. 354). Report must be made between May 1st and July 1st.

It shall be the duty of the Secretary of State on or before the 1st day of September of each year to address to the president, secretary, or treasurer of any incorporated company doing business in the State a letter of inquiry as to whether such corporation has all or any part of its business in or with any trust, combination, or association of persons or stockholders of the character described in what is known as the Anti-Trust Act, and to require answer under oath of such officers, the form of affidavit being enclosed in such letter of inquiry, in the form prescribed by statute (Laws of 1907, pp. 216–218).

20. **Anti-Trust Statute.** — Illinois has an elaborate statute forbidding pools, trusts, and combinations of every class and description. (Crim. Code, secs. 269 a, 269 b, 615; Act of June 11, 1891, as amended by Act of June 20, 1893, as amended by Laws of 1907, pp. 216–218).

D. & C. F. Co. *v.* People, 156 Ill. 448; 41 N. E. 188; Harding *v.* Company, 182 Ill. 551; 55 N. E. 577.

21. **Statutory Ground for Forfeiture of Charter.** — The charter may be forfeited for failure to organize and commence business within two years from the date of incorporation. It is also subject to forfeiture for entering into illegal trusts, pools, and combinations (secs. 4, 269 m). The charter is also subject to forfeiture for refusal to answer inquiries relative to whether or not it is doing business within the State in violation of the Anti-Trust Act (Laws of 1907, pp. 216–218); also for failure to file annual report, this being made by statute *prima facie* evidence of the corporation being out of business (secs. 193, 194, etc.).

N. & S. R. S. Co. *v.* People, 147 Ill. 234; 35 N. E. 608; Independent Medical College *v.* People, 182 Ill. 274; 55 N. E. 345; People *v.* Rose, 207 Ill. 352; 69 N. E. 762.

22. **Extension of Corporate Existence.** — There is no statutory provision for extending corporate existence after the expiration of the term limited in the charter. (See sec. 10.)

People *ex rel.* Stickney *v.* Marshall, 1 Gilm. 672.

23. **Annual License Tax.** — There is no annual license tax.

24. **Amendments.** — To change the corporate name, place of business, enlarge or change the object for which the corporation was formed, to increase or decrease the capital stock, to change the number of shares of capital stock, to increase or decrease the par value of shares of capital stock, to increase or decrease the number of directors, or to consolidate with other corporations, requires the calling of a special meeting of the stockholders by the board of directors. This meeting must be called by delivering personally or depositing in the post-office, at least thirty days before the date of such meeting, a notice signed by a majority of said directors, stating the time, place, and object thereof. A similar general notice must also be published for three successive weeks in some newspaper printed in or nearest the county in which the principal office of the corporation is located. A two-thirds vote of all the stock of the corporation is necessary for the adoption of the proposed amendment. Thereafter a certificate must be prepared, signed, and verified by the affidavit of the president under the corporate seal. This must be filed in the office of the Secretary of State and a like certificate filed for record in the office of the recorder of deeds of the county where the principal business office of the corporation is located.

There must also be published, in some newspaper published in the county above referred to, a notice of such change, for three successive weeks (secs. 50–54, as amended by Laws of 1903, pp. 116, 117).

Sykes *v.* People, 132 Ill. 32.

25. **Dissolution.** — Any court of competent jurisdiction may decree dissolution of a corporation upon petition therefor. Voluntary dissolution may be effected by vote of two-thirds of capital stock (secs. 49 a, 49 b, 149).

26. **Foreign Corporations.** — All foreign corporations doing business within the State must make application to the Secretary of State, signed and sworn to by the president and secretary, stating what business such corporation proposes to pursue under its charter, the amount of capital stock of such corporation, whether it is transacting or intends to transact business in any State or country, the proportion of its business intended to be carried on in the State of Illinois, the amount paid in upon its capital stock, what property and assets and estimate of the value thereof will be employed in the business of such corporation in the State of Illinois; if any of its capital subscribed has not been paid in, what disposition is to be made thereof; the names of the president, secretary, and directors of said corporation and their residences, where its principal office in Illinois will be located, and the name and address of some attorney in fact upon whom process may be served, and, if required by the Secretary of State, the names and residences of all of the stockholders in said corporation. Such corporation shall file with the Secretary of State a copy of its articles of incorporation, duly certified and authenticated by the officer who issued the original, or by the recorder or registrar of the office in which said original articles may have been recorded. The Secretary of State is also given power to propound additional interrogatories if he sees fit. Upon the admission of such corporation to do business the Secretary of State shall issue a certified copy of all papers, including a certified copy of the charter of such corporation, and shall state in the certificate of authority to do business issued by him the powers and objects of such corporation which may be exercised in this State, and no corporation shall, by the certificate of the Secretary of State, be authorized to transact any business in this State for the transaction of which the corporation cannot be organized under the laws of this State. No foreign corporation shall exercise powers in this State not authorized by the provisions of its charter. Every foreign corporation admitted to do business in Illinois shall keep on file in the office of the Secretary of State an affidavit of the president and secretary showing the location of its principal business office in the State of Illinois, the name of some person who may be found at such office for the purpose of accepting service upon said corporation in all suits that may be commenced against it, and as often as such corporation shall change the location of its office or its attorney for receiving and accepting service a new affidavit shall be filed. Foreign corporations shall be required to make such reports from time to time as are required to be made by similar domestic corporations. Only such real estate may be held as may be necessary for the proper carrying on of its legitimate business.

Before being authorized to do business it must pay into the office of the Secretary of State, upon the proportion of its stock represented by its property and business in Illinois, fees equal to fees required of similar corporations formed within and under the laws of this State. Foreign corporations failing to comply with the provisions of law are subject to a penalty of not less than $1,000 and

not exceeding $10,000 (Session Laws of 1905, pages 124–129 inclusive). Foreign corporations must file within thirty days after September 1st of each year the same anti-trust affidavit that is required of domestic corporations (Laws of 1907, pp. 216–218). They must also keep constantly on file with the Secretary of State an affidavit of the president and secretary showing the location of their principal office in the State, and the name of a person in said office upon whom process may be served (Laws of 1905, pp. 124, 126). They are also made generally subject to the same provisions as domestic corporations as to reports. Under Laws of 1905, p. 124, they must keep proper books at their principal office or place of business within the State.

Spry Lumber Co. *v.* Chappell, 184 Ill. 539; 56 N. E. 794; Richardson *v.* U. S. M. & T. Co., 194 Ill. 259; 62 N. E. 606; Bradbury *v.* Company, 113 Ill. App. 600.

INDIANA.

(References are to Burns' Annotated Indiana Statutes, Revision of 1901, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Indiana is found in Burns' Annotated Statutes of 1901, secs. 3432–3452, 4583–4622, 5051–5128. Under secs. 5051–5128, as amended by Laws of 1907, chap. 178, corporations may be formed to carry on any kind of manufacturing, mining, mechanical, chemical, mercantile, real estate, and certain enumerated other kinds of business. Corporations to carry on other lines of business may be formed under the Voluntary Association Act, secs. 4583–4622, as amended by Laws of 1903, chaps. 49, 93, 218.

2. **Incorporators.** — Any number of persons not less than three may be incorporators. There are no residential requirements (secs. 4583, 5051; Laws of 1903, chap. 73; Laws of 1905, chap. 139; Laws of 1907, chap. 178).

3. **Contents of the Articles of Association.** — The articles of association of all corporations organized under the Voluntary Association Act (secs. 4583–4622) must set forth:

a. Name. — The corporate name of the proposed corporation. Similarity of names is forbidden as to domestic corporations.

b. Capital Stock. — The articles must set forth the amount of capital stock and the number of shares into which the same shall be divided, with the par value of the same. The capital stock may be any amount (except gas and oil companies where the capital stock is limited to $2,000,000), and the par value of the shares may be any amount not exceeding $100. (See Laws of 1903, chap. 128.) If preferred stock is to be issued, provision therefor may be made in the articles, provided that the par value of the same is fixed at $100, and that the aggregate amount thereof shall at no time exceed double the amount of the common stock of the corporation actually subscribed or issued. The certificate must state the amount of preferred stock proposed to be issued, and the number of shares into which it is to be divided (secs. 5064–5067).

c. Purposes. — The object of the corporation, with the proposed plan of doing business, must be fully set forth. The purposes may include all or any of the purposes included in any one of the twenty-three classes, which may be described in general terms as follows: Horticultural, literary, drainage, educational, eleemosynary, cemetery, fraternal, military, fire, shade trees, safe deposit and loan companies, hotels, real estate and rental companies, mining, health resorts, oil and gas wells, live-stock, trading corporations, commission merchants, title insurance, abstract and loan, women's exchange, bond and money, brokerage, medical and scientific research, storage, transfer, and scientific purposes (Laws of 1901, secs. 1–28; secs. 4583–4595 m; Acts of 1903, chaps. 49, 93, 218).

d. Incorporators. — Names and places of residence of the incorporators must be set forth.

e. Domiciliary Office. — The principal place of business must be set forth, which by implication would seem to refer to the principal place of business within the State.

f. Duration. — The term of existence must not exceed fifty years.

g. Corporate Seal. — A demonstration of the corporate seal must be attached.

h. Board of Directors. — The manner of election or appointment of directors and officers who are to manage the business must be set forth.

i. Number and Names of Directors. — The number of directors, together with the names of those who shall manage the affairs for the first year, must appear. If desired, the date of the annual meeting may be set forth in the articles (sec. 4583; Laws of 1903, chaps. 37, 73, 128).

Under chap. 178 of the Laws of 1907, whenever three or more persons desire to form a company under what is known as the Manufacturing and Mining Act, they may do so for the purpose of carrying on any one of the following named purposes, to wit: (*a*) Any kind of manufacturing business, or to buy and sell merchandise of a kind or kind similar or incident to merchandise to be manufactured by the incorporating company and for the selling of such merchandise when manufactured. (*b*) Any kind of mining business. (*c*) Any kind of mechanical business or chemical business. (*d*) To furnish motive power. (*e*) To supply any cities, towns, villages, communities, places of amusement or exhibition, or any two or more or either of the same, with water, light, heat, or power. (*f*) To own, construct, operate, and maintain stockyards, transfer companies, and conduct and transact business incident thereto. (*g*) To own, construct, maintain, and operate grain elevators or flour mills, or both, and transact business incident thereto, including the manufacture of flour, meal, and all grains and cereal products, and the buying and selling of grain and cereals of all kinds and the manufactured products thereof. (*h*) To construct railroads, highways, streets, buildings, or other structures, and to carry on a general construction business. (*i*) To buy, sell, and lease lands and buildings and other structures thereon, and to erect dwellings and other buildings and structures on lands leased or purchased.

Parties incorporating under the above act must make and acknowledge before some officer capable of taking acknowledgments, a certificate in writing which shall set forth: (1) The corporate name adopted by the company, which name shall not be the same or strikingly similar to that of an existing corporation. (2) The object or objects of its promotion, which shall include any or all of the purposes stated in any one of the subdivisions of purposes enumerated in the act. (3) The amount of capital stock, the number of shares into which it is divided, and the par value of each share. If preferred stock is to be issued, provision therefor may be made in the articles, provided that the par value of the same is fixed at $100 and that the aggregate amount thereof shall at no time exceed double the amount of the common stock of the corporation actually subscribed or issued. The certificate must state the amount of preferred stock proposed to be issued and the number of shares into which it is to be divided (secs. 5064–5067). (4) The term of existence not to exceed fifty years. (5) The number of directors and the names of those who shall manage the affairs of the corporation for the first year. (6) The name of the city or town in which its principal place of business is to be located. If desired, the incorporators may fix in the certificate the date for holding the annual meeting of the stockholders for the election of directors of the company. Such date may be fixed at any time within one year from the date of filing the certificate, and when so fixed and stated, the directors therein named and the successors of such directors as have resigned, shall serve only for the period of time intervening between the date of their appointment and the time of such annual meeting so fixed in the certificate of incorporation. If the time of holding the annual meeting is

not fixed in the certificate of incorporation, the annual meeting shall be held one year from the date of filing the same (sec. 5051, as amended by Laws of 1903, chaps. 37, 73; Laws of 1905, chap. 139).

Bank *v.* Mead, 159 Ind. 252; 64 N. E. 880.

4. **Statutory Powers.** — The statute fully enumerates the implied common law powers of corporations (secs. 3425, 4595 o, 4620). Bridge, gravel road, hydraulic, railway and street railway, and slack water companies are permitted to consolidate (secs. 4662, 4790, 4836, 5251, 5257, 5423, 5468 p, 5468 r; Laws of 1903, chaps. 73, 220). Among the special powers conferred by statute are the following: To issue preferred stock, to permit voting by proxy at stockholders' meetings, to forfeit stock for non-payment of assessments, to borrow on mortgage (secs. 3425, 3442, 5055, 5064–5066).

Most business corporations are expressly forbidden to become stockholders in other corporations, except that railroads may own stock in telegraph, telephone, union railway, and bridge companies under certain circumstances; manufacturing companies may also hold stock in other corporations upon the written consent of all parties interested (secs. 5059, 5087).

5. **Procuring the Charter.** — In the case of companies incorporated under the Voluntary Association Act (secs. 4583–4595 n) the articles of association must be signed and acknowledged by each incorporator. They must first be presented to the Secretary of State for filing, and at the time of presenting such articles they must also present therewith a full written or printed statement of the proposed plan of doing business; but if, upon examination, the Secretary of State shall find the articles to be according to law, and the proposed plan of doing business not inconsistent with law, he shall, upon the payment of the fees prescribed by law, issue a certificate of incorporation. Thereafter the corporation must file and record a duplicate of these articles in the recorder's office of the county in which the principal place of business of such corporation is located. The law provides that such record or a certified copy thereof shall be conclusive evidence of the matters and things therein stated (sec. 4595). In the case of companies incorporated under the Manufacturing and Mining Company Act (Acts of 1907, chap. 178) the articles must be signed and acknowledged in duplicate, the first of which shall be filed in the office of the Secretary of State, and the other, having been approved by the latter official, must be filed with the county recorder of the county in which the company's principal place of business is to be located.

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of corporate indebtedness. (As to borrowing on mortgage, see secs. 3442, 3444.)

7. **Organization Tax.** — Where the capital stock is $10,000 or under, $10; where the authorized capital stock is over $10,000, the tax is one-tenth of one per cent thereon (sec. 7631).

8. **Filing and Recording Fees.** — For filing and recording articles of association not exceeding two hundred words, $1, and 10 cents per hundred words for all in excess thereof. For issuing certificate of incorporation, 50 cents; for certified copy of articles of association, 50 cents for certificate and 10 cents for one hundred words per copy; for filing certificate of reduction of capital stock, $5; for filing copy of decree of court changing corporate name, $5; for filing certificate of extension of purposes or change of domicile, $5; for filing other amendments, 20 cents per hundred words, to be in no case less than

$5. The foregoing fees are payable to the Secretary of State. Any corporation filing with the Secretary of State any certified copy of minutes shall pay to him $25, $15 of which shall be for the use of the State. The Secretary of State shall forthwith make a certified copy of such minutes and all endorsements thereon and a statement of the time of filing and taking effect thereof, and send the same to the county recorder of the county wherein the corporation has its principal place of business. With this must be sent $10 of the original $25 paid by the corporation, which sum shall be the fee of the county recorder for filing and recording such copies (Laws of 1907, chap. 192, sec. 3). The county recorder is authorized to collect 10 cents per hundred words for recording articles of association (secs. 6407, 7631).

9. **Commencing Business.** — Corporations may commence business as soon as the Secretary of State issues a certificate of incorporation and a duplicate of the articles of association are recorded in the recorder's office of the county wherein the principal place of business of the corporation is located (sec. 4595 n). Companies incorporated under the Manufacturing Act (chap. 38, Revised Statutes of 1901) must pay up their capital stock within eighteen months after incorporation (sec. 5061). As soon as the last payment is made, the president and a majority of the directors must make a sworn statement setting forth this fact; thereupon the certificate must be recorded in the office of the clerk of the Circuit Court of the county wherein the corporation's principal place of business is located (sec. 5062).

10. **Organization Meetings.** — In the absence of any statute providing otherwise, organization meetings must be held within the State. The incorporators should sign a written agreement fixing the time and place for holding the organization meeting. After a temporary secretary and chairman have been chosen, the corporation should proceed to the adoption of by-laws. Stockholders may vote by proxy. Immediately after the adjournment of the incorporators' meeting the board of directors named in the articles of incorporation should meet and organize by the election of the officers prescribed in the by-laws. The statutory officers are a president, secretary, and treasurer. The secretary and treasurer are required to give bonds with such sureties as shall be required by the by-laws, and must be sworn to the faithful discharge of the duties which may be assigned to either of them. The same person may be elected to the office of secretary and treasurer. The law provides that when the steps necessary to organization have been completed, a statement thereof must be filed in the office of the clerk of the Circuit Court of the proper county; that said court at its next term thereafter shall, on proof of such organization, cause to be entered an order declaring the existence of such corporation. The law provides that such order shall be conclusive as to the fact of such existence from the date which said court may fix in the order (secs. 3423, 3427).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. It seems to be contemplated by the statute that directors' meetings should be held at the principal office within the State (secs. 3447, 3448, 5054, 5055; Laws of 1903, chap. 37).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be not less than three nor more than thirteen directors; cannot exceed eleven in case of manufacturing, mining, mechanical, and chemical companies. In the last-named class of companies, directors must be stockholders and residents of the United States. In other corporations there are

no such requirements (secs. 3446–3448, 4595 r, 5054, 5055; Laws of 1903, chap. 37).

Renn *v.* Company (Ind.), 73 N. E. 269.

b. Liabilities. — If any corporation reducing its capital stock shall fail to file a certified copy of the vote of the stockholders thereon within thirty days thereafter in the office of the clerk of the Circuit Court in which the corporation's original certificate was filed, and also a duplicate of the same in the office of the Secretary of State, the directors shall be jointly and severally liable for debts contracted after the said thirty days or before the record of such vote. Directors are also jointly and severally liable for all damages resulting in case any certificate, report, or public notice given as required by law shall be false in any material respect, or if they shall fail to give such notice or make such report, and any person shall be misled or deceived thereby. The directors are also jointly and severally liable for all debts contracted after the declaration and payment of a dividend knowing the company to be insolvent, or knowing that such dividend would render it so, or if they violate any of the provisions of the act which shall thereby render the corporation insolvent (secs. 5063, 5073, 5075, 5076).

Brown *v.* Clow, 158 Ind. 403; 62 N. E. 1006; A. C. I. Co., 156 Ind. 212; 59 N. E. 679; Renn *v.* U. S. Cem. Co. (Ind.), 73 N. E. 269.

13. **Stockholders' Liabilities.** — The Constitution of Indiana (sec. 213) provides that every corporation other than banking shall be secured by such individual liability of the stockholders or other means as may be prescribed by law. In the case of corporations organized under the Voluntary Association Act of 1901, there is no stockholders' liability other than that arising from the non-payment of subscriptions to the capital stock (secs. 3425, 3430). However, if any part of the capital stock shall be withdrawn or refunded to the stockholders before payment of the debts of the corporation, stockholders are then individually and severally liable for the payment of such debts. In the case of corporations organized under the Manufacturing Act (R. S. of 1901, chap. 38), stockholders therein are individually liable for all debts due to laborers, servants, apprentices, and employees for services rendered such corporations (sec. 5077).

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him, under the seal of the corporation, signed by the treasurer. Stock in manufacturing companies cannot be transferred until it is paid up.

15. **Preferred Stock.** — Corporations organized under the Manufacturing Act (R. S. of 1901, chap. 38) are expressly authorized to issue preferred stock by providing therefor in the articles of association (sec. 5065). Preferred stock may be issued after incorporation to an aggregate amount, which must not at any time exceed double the amount of the common stock of the company in shares of not more than $100 each. If such company desires to create and issue shares of preferred stock after incorporation, it may do so at any regular annual or special meeting of its stockholders, by the vote of the holders of three-fourths of its common stock, and such company may at any such meeting or any subsequent meeting of its stockholders, by a vote of the holders of a majority of its common stock, authorize and empower its board of directors to dispose of and issue such preferred stock upon such terms and conditions as said board of directors may deem best, or as such company may prescribe;

and when so authorized the validity of the issuance and the disposition made of such preferred stock by said directors shall in all things be binding and conclusive upon such company. Within thirty days after the time such company has authorized the issuance of preferred stock as provided in this section, it shall cause to be filed with the Secretary of State its certificate in writing, signed by its president and attested by its secretary, duly acknowledged, certifying that the issuance of preferred stock has been authorized by such company, the amount of such preferred stock, the number of shares into which it shall be divided, and the amount of each share (sec. 5066).

Such preferred stock may be in any amount, and it shall be subject to redemption at par at such times and upon such terms and conditions as shall be expressed in the certificates thereof, and the holders of such preferred stock shall be entitled to receive, and the said company shall be bound to pay thereon, such quarterly, semi-annual, or annual dividend as may be expressed in the certificates, not exceeding in all eight per cent, before any dividend shall be set aside or paid on the common stock of such company ; and in no event shall the holders of such preferred stock be individually or personally liable for the debts or other liabilities of such company, but in case of insolvency or upon the dissolution of such company such debts or other liabilities shall be paid in preference to such preferred stock. Such preferred stock, however, shall at all times have a priority in payment out of the assets of such corporation over the common stock thereof for the full face value, together with all arrearages of interest or dividends due thereon (sec. 5067).

Such preferred stock shall not be voted at any meeting of such company, nor shall the holders thereof, as such, have any voice in the management of the affairs of such company, excepting, however, that such company shall not have authority to convey its real estate or mortgage any of its property without the written consent of the holders of a majority of the shares of such preferred stock; nor shall such company without such consent declare any dividend upon its common stock that will impair its capital. Such preferred stock shall not entitle the holders thereof to any interest in the assets of such company beyond the par or face value of such preferred stock, together with all arrearages of interest or dividends due thereon (sec. 5068).

When any such company has redeemed the preferred stock issued by it under the provisions of this act, its directors shall within thirty days thereafter cause to be filed with the Secretary of State their certificate in writing as directors of such corporation, duly acknowledged, certifying that such preferred stock has been redeemed; and in default thereof the directors of such company shall be jointly and severally liable for all debts contracted after said thirty days and before said certificate is filed (sec. 5069; see also secs. 5064, 5070, as amended by Laws of 1903, chap. 122).

16. **Payment of Capital Stock.** — The statute does not provide as to how the capital stock shall be paid in. In the absence of statutory prohibition, it may be paid in in money or money's worth (secs. 4595 q, 5060, 5062).

17. **Books.** — Corporations are required to keep at their office or place of business within the State a stock book open to inspection during business hours to all stockholders and creditors, who may take extracts therefrom if they desire (secs. 3433, 3434).

18. **Office.** — Every corporation must have an office within the State (secs. 3433, 3446; Laws of 1903, chaps. 73, 128).

19. **Reports.** — In the case of companies incorporated under the Manu-

facturing Act (R. S. of 1901, chap. 38), annual reports are required. Such corporations shall annually within twenty days from the 1st day of January make a report, which it shall cause to be published in some newspaper printed in the county where its office is located, if any (otherwise in the county nearest thereto), which shall state the amount of capital, amount of assessments made and actually paid in, and amount of existing debts, which report shall be signed by the president and a majority of the directors, and shall be verified by the oaths of the president and such directors and secretary (secs. 5071, 5072). All business corporations must by their president or other proper accounting officer, between the 1st day of March and the 15th day of May of each year, make out and deliver to the assessor a sworn statement of the amount of its capital stock, setting forth particularly:

First. The name and location of the company or association.

Second. The amount of capital stock authorized, and the number of shares into which such capital stock is divided.

Third. The amount of capital stock paid up.

Fourth. The market value, or if no market value, then the actual value of the shares of stock.

Fifth. The total amount of indebtedness, except the indebtedness for current expenses, excluding from such expenses the amount paid for the purchase or improvement of property.

Sixth. The value of all tangible property.

Seventh. The difference in value between all tangible property and the capital stock.

Eighth. The name and value of each franchise or privilege owned or enjoyed by such corporation (sec. 8491, as amended by Laws of 1903, p. 49).

Every domestic business corporation must also file in the office of the Secretary of State within sixty days from the first day of June of each year, a report, signed and sworn to by the president or secretary or by two of the directors of the corporation, which report shall state: (1) The name of the corporation, and if at any time the name shall have been changed in any respect, and the report of such change has not already been filed in the office of the Secretary of State, the old name or names, and the manner and date of such change or changes. (2) The location, town, city, the street number, if number there be, of its principal office in this State, and if the location shall have been at any time changed from one city or town to another city or town and the report of such change has not already been filed in the office of the Secretary of State, the point or points from which such change or changes have been made and the date thereof. (3) The amount of authorized capital stock of the corporation and the amount thereof actually issued and outstanding. (4) The amount of its increases of capital stock, both common and preferred, with the dates of such increases, as well as a statement showing redemptions of preferred stock if any. (5) The amount of reductions of capital stock, if any, and when and how made. (6) The original term of existence, and if extended at any time, for what period. (7) Whether the original articles have been amended in any manner, the date of such amendment or amendments, and in what respect they have been amended. (8) The names and post-office addresses of all present officers and directors and the date of expirations of their respective terms. (9) The date of the next annual meeting of the stockholders.

Within thirty days of the date of filing such report an original or certified copy of any resolution at any time theretofore adopted by such corporation for

increasing capital stock, for issuance of preferred stock, for reduction of capital stock, for redemption of preferred stock, for change of election, for extension of term of existence, for amending the articles of incorporation, or decree or resolution for change of name not already filed in the office of the Secretary of State, must be filed with the said official. Refusal to comply with the above renders the corporation subject to fine, and the directors who wilfully neglect to comply with the provisions of the act ineligible for re-election to their office at the next election and for a period of one year thereafter. The fee for filing such report is fixed by statute at fifty cents (Laws of 1907, chap. 58). (As to fee for filing certified copy of resolution, see *ante* sec. 8.)

20. **Anti-Trust Statute.** — There is a statutory prohibition directed against trusts and combinations tending to lessen free competition in the importation, sale, or manufacture of various articles (secs. 3312 g, 3312 u).

21. **Statutory Grounds for Forfeiture of Charters.** — Charters may be forfeited either for violation of the anti-trust act, or for allowing a judgment to stand against the corporation for a period of one year without satisfying the same (secs. 3312 g, 3312 u, 3429, 3439, 3440).

22. **Extension of Corporate Existence.** — Corporations may extend their corporate existence by complying with the provisions set forth in sec. 24 herein relative to amendments to certificates of incorporation. The act permitting such extension of corporate existence expressly provides that no second extension of corporate existence may be granted (Acts of 1907, chap. 192).

23. **Annual License Tax.** — There is no annual license tax.

24. **Amendments.** — To change the corporate name requires the filing of a petition in the Circuit Court of the county in which the corporation has its principal place of business. The petition being filed, the corporation shall give notice thereof by three weekly publications in some newspaper of general circulation printed in the county wherein its principal place of business is located thirty days prior to the first day of the term on which such petition shall be heard. Proof of such publication must be made and filed and a copy of such publication notice verified by the affidavit of a distinterested person, and a copy of the decree of the court, changing the name of the corporation, certified under the seal of the said court by the clerk thereof, shall within ten days thereafter be filed with the Secretary of State (secs. 1012–1016; Laws of 1905, chap. 151).

Any domestic business corporation may reduce or increase its common capital stock or define or limit or enlarge its corporate objects to the extent and subject to the conditions and limitations hereinafter expressed by complying with the following provisions. Any such corporation may increase the amount of its authorized common capital stock in the following manner: At any regular annual meeting of its stockholders, or at any meeting of them called for that purpose, the call for which, mailed to each known stockholder not less than thirty days before the date of the meeting, states that the increase of the authorized capital will be considered and acted upon if four-fifths of all of the shares then outstanding and entitled to vote at said stockholders' meeting shall approve the resolution for such increase, and thereafter at a regular or duly called meeting of the directors of the corporation, a majority of the members of the full board of directors shall by resolution ratify the action of the stockholders in that behalf, and a copy of the minutes of the said two meetings, verified by the president and secretary or by such other officers as the corporation may in said resolution designate to make the certificates, and authenticated by the corporate seal of the corporation (if the corporation have a seal), shall be filed in the

office of the Secretary of State of the State of Indiana, and the same fees be paid to the Secretary of State, for the use of the State, as would be paid were the corporation then being originally organized with a capital stock equal to the amount of such increase from the time of such filing, and on payment of such fees the authorized common capital stock of such corporation shall be increased to the amount so authorized by its stockholders and directors, and the same may be subscribed for and certificates issued therefor under and subject to all the limitations applicable to the issue of the company's original stock.

Any such company may at any regular annual meeting of its stockholders, or at a meeting called in manner aforesaid, by a like vote of its stockholders ratified by a like vote of its directors, reduce the authorized common capital stock of the corporation so far as then unsubscribed for or then not outstanding in the hands of stockholders, and when a copy of the minutes of said two meetings, certified as aforesaid, shall be filed in the office of the Secretary of State of the State of Indiana, and the same fees shall be paid to him for the use of the State as would be paid were the company then organizing as a corporation not for pecuniary profit, from the time of such filing and payment the authorized capital stock shall be reduced to the amount in said resolutions of the stockholders and directors stated; and it shall thereupon be unlawful for any such company, so long as such reduction of capital stock shall stand, to issue any part of the original authorized capital as was not so subscribed for and outstanding before such resolutions were adopted.

Any such corporation may define, shorten, or extend the period of its corporate existence in the following manner: Its stockholders at any regular annual meeting, or a called meeting, for which notice as aforesaid has been given, may by a like vote of its stockholders, ratified by a like vote of its directors, reduce, define, or extend the period of its corporate existence by naming in the resolution a date when the existence shall end, which date shall not be later than fifty years from the date of said stockholders' meeting, and when a copy of the minutes of said two meetings, certified as aforesaid, shall be filed in the office of the Secretary of State of the State of Indiana and the same fees shall be paid to him for the use of the State as would be payable were the corporation just organizing, then and thereby the term of existence of such corporation shall become and be the period named in such resolutions; but if such time shall not clearly be an extension or enlargement of the term of corporate existence, the Secretary of State shall not permit the papers to be filed unless and until the officers who certified them, or other proper officers of the company, shall make and file therewith an affidavit, stating that the corporation has no debt or liability the date of whose maturity will be later than the date named in said resolutions for the expiration of corporate existence.

Any such corporation at any regular meeting of its stockholders, or at a meeting of them called in manner aforesaid, may, by a like vote ratified by a like vote of its directors, define, limit, or enlarge the express objects of its creation, but if they be enlarged, the objects as changed shall include no object that could not be lawfully included if the corporation were then organizing originally; and when a copy of the minutes of said two meetings, certified as aforesaid, shall be filed in the office of the Secretary of State of the State of Indiana and the same fees shall be paid to him for the use of the State as would be paid were the company then organizing as a corporation, from the time of such filing and payment the authorized objects or scope of the corpora-

tion shall be defined, limited, or enlarged by such resolutions: Provided, however, that whenever four-fifths or more of all of the outstanding capital stock entitled to vote at stockholders' meetings of any such corporation shall in pursuance of the provisions of the act have determined that any change authorized to be made by this act shall be made then, and in that event any stockholder whose stock at said meeting voted against such change, may within ten days after such meeting by notice in writing deliver to the corporation named his valuation of his stock and name an appraisor to appraise the same in case the company and he cannot agree as to such value. In case the company and he cannot agree as to such valuation, then and thereupon such corporation shall name an appraisor, and the two appraisors so selected shall select a third appraisor, all of whom shall be disinterested persons, and the determination of any two of the three appraisors fixing a fair cash value of the stock of such stockholder shall be conclusive and binding upon the parties except as hereinafter provided, and such appraisors shall, as soon as they have made such appraisement, reduce the same to writing in duplicate, and those appraisors agreeing to the valuation shall sign such duplicates, one of which duplicates shall be delivered by them to the company and the other to the said stockholder or his proxy so voting his stock at said meeting. The said corporation, or a majority of stockholders favoring such charge, shall within thirty days after such valuation shall have been arrived at by the foregoing appraisement, pay to said stockholder or his proxy, or if both be absent or refuse to accept the money, deposit to the credit of such stockholder in a solvent national bank or trust company in Indiana the value of said stock as was agreed upon or fixed by appraisement. Such company shall pay all of the reasonable charges and expenses of the three appraisors in making and certifying such appraisement. Such stock from the time of such payment or deposit shall belong to the person or persons whose money was so paid therefor, and if the same was the money of such corporation such stock shall become treasury stock of such corporation to be reissued or retired as the board of directors of the corporation may determine.

Whenever any such corporation shall in pursuance of the provisions of this act present to the Secretary of State for filing any certified copy of any meetings of its stockholders if it does not appear that the same were adopted by a favoring vote of their outstanding stock entitled to vote at stockholders' meetings, the Secretary of State shall refuse to file the same, and the same shall not be filed or take effect unless such certificate shall be accompanied by the affidavit of one or more of the officers or directors of said company showing therein that any stockholder who voted at said meeting against the action of a majority of the stock did, in pursuance of this section, name a value or call for an appraisement of his stock, or showing what stockholders so voting against a majority did so value their stock and demand an appraisement, and that an appraisement was made or value agreed upon as in this section required, and showing that the value of said stock so determined by agreement or appraisement was paid, or deposited as by this section required to be done. In case any stockholder shall not be satisfied with the valuation so fixed by appraisement he may bring his action against said corporation at any time within one year in any Circuit or Superior Court having jurisdiction of the defendant to have the fair value of his stock as of the date of such appraisement determined, and the final judgment in said action shall be binding on said defendant, and it shall be liable *in personam* therefor without relief from valuation or appraisement laws for the excess valuation over the sum so deposited (Acts of 1907, chap. 192).

25. **Dissolution.** — May voluntarily dissolve without recourse to the courts by compliance with the statutes (secs. 3429, 5052 a; Laws of 1903, chap. 152).

State *v.* Trustees, 5 Ind. 77.

26. **Foreign Corporations.** — Foreign corporations desiring to transact business in Indiana must make an application to the Secretary of State, signed and sworn to by the president and secretary, stating what business such corporation proposes to pursue in Indiana, the amount of its capital stock, whether it is transacting or is intending to transact business in any other State or country, the proportion of its business, based upon its total business for the year immediately preceding, to be carried on in the State of Indiana, or if a newly organized corporation, then the proportion as nearly as can be determined by estimate, to be transacted in Indiana, the amount paid in upon its capital stock, what property, assets, and estimate of the value thereof, to be employed in the business of such corporation in Indiana. If any of its capital stock has not been paid in, what disposition is to be made thereof. The name of the president, directors, and secretary of such corporation and their residence; where its principal office in Indiana will be located, and the name and address of some agent or attorney in fact upon whom service of process can be had. Such corporation shall also file with the Secretary of State a copy of its charter or articles of incorporation, or in case such corporation is incorporated merely by a certificate, then a copy of its certificate of incorporation duly certified and authenticated by the officer who issued the original or by the register or recorder in which such original charter, articles, or certificate may have been recorded. The Secretary of State shall have the power to prescribe the form of such application, and may propound additional interrogatories to the applicant respecting the character of the business, etc., which the incorporators shall answer under oath, and shall be filed with such application and with a certified copy of its articles or certificate. Such application shall contain an agreement by such corporation that it will not transfer from any court of this State any pending case to any court of the United States save by regular course of appeal in the said courts. The Secretary of State is authorized to issue a certificate of such foreign corporation to do business within the State, and is required to state in such certificate of authority the powers and objects of the corporation which may be exercised in Indiana. All foreign corporations permitted to do business in the State must keep on file in the office of the Secretary of State an affidavit of the president or secretary showing the location of the principal business office in the State of Indiana, and the name of some person upon whom process may be served. Foreign corporations are limited as to the amount of real estate they may hold, and are not permitted to mortgage, pledge, or encumber their real or personal property in Indiana to the injury or detriment of any creditor or citizen of the State. Within thirty days after the 1st day of January of each year foreign corporations must make a report to the Secretary of State under oath, stating the then name of the corporation, its total capital stock, the proportion of its business in the State, the value of its property and assets in the State, and the proportion thereof as compared with its total property assessed. The character of the business being transacted in the State, the location of its office, the name of its agent or attorney, in fact and the names of its president, secretary, and directors, and their residences. Whenever such annual report shall show an increase of $5,000 or more in the propor-

tion of property in the State, the corporation shall pay an additional fee on such increase. Before any foreign corporation shall be authorized to do business in the State, it must pay to the Secretary of State upon the proportion of its stock represented by its property and business in Indiana, a fee of $25 on the first $10,000 or under, thereof; and one-tenth of one per cent on all amounts in excess of $10,000; for increase in proportion in this State a fee of $10 for an amount of $10,000 or less, and one-tenth of one per cent additional on all amounts in excess of $10,000; for filing annual report a fee of $1 must be paid. In addition there shall be collected such certificate and other fees as is elsewhere provided by statute. Any foreign corporation having the same or strikingly similar name as any existing Indiana corporation, or having the same or strikingly similar name as any foreign corporation previously admitted to do business in the State, shall not be licensed to do business in Indiana under such name (Acts of 1907, chap. 176).

Hockett *v.* State, 105 Ind. 250; 5 N. E. 178; Machine Co. *v.* Caldwell, 54 Ind. 270; Am. Insurance Co. *v.* Wellman, 69 Ind. 413; Singer Manufacturing Co. *v.* Brown, 64 Ind. 548; Brechbill *v.* Randall, 102 Ind. 328; 1 N. E. 862; P. B. L. & S. Ass'n, *v.* Markley, 27 Ind. Ap. 128; 60 N. E. 1013; N. M. N. G. Co. *v.* Smith, 27 Ind. Ap. 472; 61 N. E. 10; S. S. & L. Ass'n *v.* Elbert, 153 Ind. 198; 54 N. E. 753.

IOWA.

(The references are to the Code of 1897, unless otherwise stated.)

1. **Statutes under which Business Corporations may be incorporated.** — The Business Corporation Act of Iowa is found in the statutes of that State, Title IX. secs. 1607–1641 inclusive, as amended by the Session Laws of 1899, 1901, and 1903. There are special requirements, not hereinafter set out, as to banks, building associations, fidelity companies, insurance, railroad, telegraph, telephone, and water-power companies.

2. **Incorporators.** — Any number of persons may be incorporators. The law expressly provides that a single person may incorporate under the General Corporation Act. There are no residential requirements (secs. 1607, 1608).

3. **Articles of Incorporation.** — The act requires that before commencing business the incorporators must adopt articles of incorporation, but it does not point out specifically all of the contents of the same. The act does, however, prescribe the contents of the notice of incorporation, which is required to be published. The notice here referred to must contain:

(*a*) The name of the corporation and its principal place of business. Similarity of names is not forbidden.

(*b*) The general nature of the business to be transacted. There is no express authority for the issuance of a charter authorizing the transaction of more than one general line of business.

(*c*) The amount of the capital stock authorized, and the times and conditions on which it is to be paid in. The capital stock may be any amount. The par value of each share may be any amount.

(*d*) The time of the commencement and the termination of the corporation. This is limited to not more than twenty years in ordinary business corporations (sec. 1618).

(*e*) By what officers or persons its affairs shall be conducted and the times when and the manner in which they will be elected. A board of directors of any number of persons may be named.

(*f*) The highest amount of indebtedness to which it is at any time to subject itself. This must not exceed two-thirds of its capital stock. This limitation does not apply to risks of insurance companies, certain liabilities of banks, certain bonds or other railway or street railway securities, or to debentures or bonds secured by the actual transfer of certain real estate securities.

Hener *v.* Carmichael, 82 Iowa, 288; 47 N. W. R. 1034.

(*g*) Whether private property is to be exempt from corporate debts (secs. 1610–1613). While the law does not prescribe all that the articles shall contain, it is the universal custom to cover at least all of the matters required in the foregoing notice. (See sec. 1613; Laws of 1902, chap. 67.)

4. **Statutory Powers.** — The Iowa statutes merely enumerate the implied common law powers of corporations (sec. 1609). For the purpose of repairs, rebuilding, enlarging or to meet contingencies, or for the purpose of creating a sinking fund, the corporation may set apart a sum which it may loan and take proper security therefor (sec. 1630). Stock certificates cannot be issued without having endorsed on the face thereof the amount or portion paid thereon

and whether such payment has been in money or property (sec. 1627; Laws of 1904, chap. 55).

Calumet Paper Co. *v.* Company, 96 Iowa, 147; 64 N. W. 782; Traer *v.* Company (Iowa), 99 N. W. 290; McKee *v.* Company (Iowa), 98 N. W. 609; S. C. T. R. & W. Co. *v.* Trust Co., 82 Fed. 124.

5. **Procuring the Charter.** — The incorporators must sign and acknowledge the articles of incorporation. They must be recorded in the office of the county recorder of the county where the principal place of business is located. The articles bearing the endorsement of the recorder as to the time when the same were recorded and the book and page of such record must be forwarded to the Secretary of State, and by him recorded. When articles of incorporation are presented to the Secretary of State for the purpose of filing, if he is satisfied that they are in proper form to meet the requirements of law, that their object is a lawful one and not against public policy, that their plan for doing business is honest and lawful, he shall file them, but if he is of the opinion that they are not in proper form to meet the requirements of law, or that their object is an unlawful one or against public policy, or that their plan for doing business is dishonest or unlawful, he shall refuse to file them. Should a question of fact arise as to the legality of the articles, he shall submit them to the Attorney-General, whose duty it shall be to forthwith examine and return them with an opinion in writing touching the point or points concerning which inquiry has been made to him. If such opinion is in favor of the legality of the articles and no further objections are propounded, they shall then, and upon payment of the proper fee, be filed and otherwise dealt with as by law provided. If, however, such opinion be against their legality, they shall not be filed. Upon the rejection of any articles of incorporation by the Secretary of State except for the reason that they have been held by the Attorney-General to be illegal, they shall, if the person or persons presenting them so request, be submitted to the Executive Council, who shall as soon as practicable consider the said articles, and if the Council determines that the articles are in proper form, of honest purpose, not against public policy, nor otherwise objectionable, he shall so advise the Secretary of State in writing, whereupon he shall, upon payment of the proper fees, file the same and proceed otherwise as the law directs; but if the Council sustains the previous action of the Secretary of State in rejecting said articles, said decision by the Council shall be reported to the Secretary of State in writing, who shall then return said articles to the person or persons presenting them, with such explanation as shall be proper in the case (Laws of 1907, chap. 70).

The organization tax must be paid at the time of the recording. Within three months from the date of the certificate of incorporation a notice must be published once each week for four consecutive weeks in some newspaper as convenient as practicable to the principal place of business, which must contain the matters set out in reference to this notice in par. 3, *supra*. Proof of such publication by affidavit of the publishers of the newspaper in which it is made must be filed with the Secretary of State. Both the corporation and persons sued by the corporation are forbidden to set up want of legal organization on the part of the corporation as a defence (secs. 1610, 1613, 1636).

First Nat. Bank *v.* Davies, 43 Iowa, 424; Heald *v.* Owen, 79 Iowa, 23; 44 N. W. 210; Berkson *v.* Anderson (Iowa), 87 N. W. 402.

6. **Corporate Indebtedness.** — Corporate indebtedness cannot exceed two-thirds of the capital stock (sec. 1611), except in the cases indicated in sec. 3, subdivision "f," *supra*.

7. **Organization Tax.** — Up to $10,000, $25, and an additional fee of

$1 per thousand for all stock authorized beyond that amount (sec. 1610; Laws of 1902, chap. 66).

8. **Filing and Recording Fees.** — The payment of the organization tax entitles the corporation to a certificate of incorporation free of charge. The payment of the organization tax also includes the charge for filing articles of incorporation. The Secretary of State is entitled to charge 10 cents per hundred words for recording such articles. The charge for filing and recording amendments to articles of incorporation is a certificate fee of $1 and the recording fee of 10 cents per hundred words. For issuing certified copy of articles of incorporation the charge is $1 for certificate and 10 cents per hundred words for making copy. For certified copy of *certificate of incorporation*, $1. The legal rate for publishing articles of incorporation, averaging one thousand words in length, is about $30. It varies, being based upon so many lines of brevier type of a specified length. The newspapers will usually publish for twenty or even fifty per cent of the legal rate. The recording fees in local county office are 50 cents for the first four hundred words, and 10 cents per hundred words for the balance.

9. **Commencing Business.** — Corporations may commence business as soon as the articles of incorporation are filed and recorded in the office of the County Recorder where the principal place of business is located and in the office of the Secretary of State, provided, further, that the publication of the notice required by law is thereafter made and proof thereof duly filed in the office of the Secretary of State. Any domestic corporation that does not maintain an office in the county of its organization and transact business in the State must file with the Secretary of State a written instrument duly signed and sealed, authorizing the Secretary of State to accept service of process for and in behalf of such corporation (Laws of 1906, chap. 64). Business must be commenced within two years from the time the articles are filed, in order to avoid forfeiture of its franchises (secs. 1614, 1628).

Thornton *v.* Balcom, 85 Iowa, 198; 52 N. W. 190; Johnson *v.* Kessler, 76 Iowa, 411; 41 N. W. 57.

10. **Organization Meetings.** — Ordinarily organization meetings are held within the State (sec. 1612). The statute reads as follows: "If the corporation transacts business in this State, the articles shall fix its principal place of business, which must be in this State, and in charge of an agent of the corporation, at which place it shall keep its stock and transfer books and hold its meetings" (Id.).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must ordinarily be held within the State. Directors' meetings may be held without the State if the by-laws so provide. (See sec. 1612, cited at length above; also Laws of 1904, chap. 55.)

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — Any number of persons may act as directors. There are no residential or other requirements.

b. Liabilities. — Directors are penally liable for unlawful diversion of corporate funds, for declaring illegal dividends, and for keeping false books of account. The payment by the directors of any dividend when the corporation is known by them to be insolvent, or any dividend the payment of which would render it insolvent or which diminishes the amount of its capital stock, renders the directors knowingly consenting thereto jointly and severally liable for all debts of the corporation then existing. If the indebtedness of any corporation shall exceed the amount of indebtedness permitted by law, the directors

knowingly consenting thereto shall be personally liable to the creditors thereof for such excess (secs. 1621–1623). They are also liable for knowingly making false statements relative to the corporation's affairs having a tendency to produce or give the shares of such corporation a greater or less value than they really possess. The penalty is either imprisonment or fine (Laws of 1907, chap. 72).

Frost Mfg. Co. *v.* Foster, 76 Iowa, 535; 41 N. W. 212; Miller *v.* Bradish, 69 Iowa, 278; 23 N. W. 591.

13. **Stockholders' Liabilities.** — Failure to comply substantially with the requirements relative to organization and publicity renders the individual property of stockholders liable for corporate debts (sec. 1616). They are also liable to creditors of the corporation for all unpaid instalments on stock owned by them or transferred by them for the purpose of defrauding creditors (sec. 1631). The receipt of illegal dividends by stockholders makes them liable to the amount of such dividend so received for all liabilities of the corporation then existing (sec. 1621). Intentional fraud and failure to comply substantially with the articles of incorporation, or in deceiving the public or individuals in relation to their means or their liabilities, shall be a misdemeanor, and shall subject those guilty thereof to fine or imprisonment or both at the discretion of the court. Any person who has sustained injury from such fraud may also recover damages therefor against those guilty of participating in such fraud (sec. 1620).

Warfield *v.* Company, 72 Iowa, 666; 34 N. W. 467; Chisholm *v.* Forny, 65 Iowa, 333; 21 N. W. 664.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by such officers as may be designated in the by-laws. No certificate can be issued without having endorsed on the face thereof what amount of the par value has been paid to the corporation issuing the same and whether such payment has been in money or property (sec. 1627; Laws of 1900, chap. 57).

15. **Preferred Stock.** — The statute does not expressly authorize the issuance of preferred stock by domestic corporations. They undoubtedly have the power to issue such stock.

16. **Payment of Capital Stock.** — No business corporation shall issue any capital stock or any certificate or certificates thereof until the corporation has received the par value thereof. If it is proposed to pay for the said capital in property or in any other thing than money, the corporation proposing the same must, before issuing capital stock in any way, apply to the Executive Council of the State for leave so to do. Such application shall state the amount of capital stock proposed to be issued for a consideration other than money, and set forth specifically the property or other thing to be received in payment for such stock. Thereupon it shall be the duty of the Executive Council to make investigation to ascertain the real value of the property or other thing which the corporation is to receive for the stock; and shall in its finding fix the value at which the corporation may receive the same in payment of capital stock for the said property but not at a greater amount than the value so fixed and determined by the Executive Council. Every corporation must file a certificate under oath with the Secretary of State within 10 days after the issuance of any capital stock, stating the date of issue, the amount issued, the sum received therefor, if payment be made in money or the property, or thing taken, if such be the method of payment (Laws of 1907, chap. 71).

Singer *v.* Given, 61 Iowa, 93; 15 N. W. 858.

17. **Books.** — Transfer books showing the name of the person by whom and to whom stock is transferred, the number of shares, and the date of the

transfer must be kept within the State at the principal office of the corporation (secs. 1612, 1626). They are open to public inspection.

18. **Office and Agent.** — Every corporation must maintain a principal office within the State with an agent in charge thereof, in which must be posted a copy of the by-laws, a statement of the amount of capital stock subscribed, the amount of capital stock actually paid in, and the amount of indebtedness, all for public inspection (secs. 1612, 1624, 1626). Any domestic corporation that does not maintain an office in the county of its organization and transact business in the State must file with the Secretary of State a written instrument duly signed and sealed, authorizing the Secretary of State to accept service of process for and in behalf of such corporation (Laws of 1906, chap. 64).

19. **Reports.** — No reports are required to be published. The corporation must annually in January file with the Secretary of State a list of its officers and directors and any change in the location of its place of business made by a vote of the stockholders (sec. 1612).

20. **Anti-Trust Statute.** — Iowa has an elaborate anti-trust statute prohibiting certain pools, trusts, and conspiracies (Code, secs. 5060–5067).

21. **Statutory Grounds for Forfeiture of Charter.** — Intentional fraud in failing to comply substantially with the articles of incorporation, or deceiving the public in relation to the corporation's means and liabilities, or a diversion of funds which results in the insolvency of the corporation, works a forfeiture of the corporate privileges to be enforced as directed by law. Failure to use the charter for two successive years is a ground for forfeiture of the charter. Charter may also be forfeited for violation of the anti-trust act (secs. 1622, 1628; see also secs. 4313–4335, 5065). Any corporation violating the provisions of law relative to the issuance of capital stock may be dissolved upon application of the Attorney-General in behalf of the State (Laws of 1907, chap. 71).

22. **Extension of Corporate Existence.** — Corporate existence may be extended for an additional period of twenty years if desired (sec. 1618; Laws of 1900, chap. 56; Laws of 1902, chap. 66; Laws of 1904, chap. 2).

23. **Annual License Tax.** — There is no annual license tax.

24. **Amendments.** — Changes in any of the provisions of the articles may be made at any annual meeting of the stockholders or a special meeting called for that purpose. Amendments are valid only when recorded, approved, and published as original articles are required to be. The amendments, however, need only be signed and acknowledged by such officers of the corporation as may be designated to perform such act by the stockholders.

25. **Dissolution.** — May be dissolved prior to the period fixed in the articles of incorporation by unanimous consent of the stockholders, or in accordance with the provisions of its articles, and notice thereof must be given in the same manner and for the same time as is required for its organization. Courts of equity have power to dissolve or close up the business (secs. 1617, 1640).

26. **Foreign Corporations.** — Every foreign corporation, other than mercantile or manufacturing corporations, shall file with the Secretary of State a certified copy of its articles of incorporation, accompanied by a resolution of the board of directors or stockholders authorizing the filing thereof, and also appointing an agent upon whom service or process may be had within the State, and shall pay the same fee required for the organization of corporations with a similar capital within the State (secs. 1637–1639, 2889–2990; Laws of 1904, chap. 54).

Ware Cattle Co. *v.* Anderson, 107 Iowa, 231; 77 N. W. 1026; Scottish Union, etc. Co. *v.* Herriott, 109 Iowa, 606; 80 N. W. 665; State *v.* Company, 91 Iowa, 517; 60 N. W. 121.

KANSAS.

(The references stated below are to the General Statutes of Kansas, 1901, unless otherwise stated.)

1. **Statute under which Business Corporations may incorporate.** — The Business Corporation Act of Kansas is found in the General Statutes of that State for 1901, chap. 23, Arts. 1–21, secs. 1317–1550, as amended by Laws of 1903, chaps. 151–153; Laws of 1905, chaps. 155–159; Laws of 1907, chap. 140. Special provisions are in force for railway, banking, roads, telegraph, trust, building and loan, warehouse, bridge, investment, sewer, express, co-operative corporations and eleemosynary corporations. Foreign corporations are provided for by Laws of 1907, chap. 140, secs. 12–16. Under the General Act as amended corporations may be formed for forty-nine enumerated purposes, which cover substantially all lines of business. (See Laws of 1907, chap. 140, sec. 2.)

2. **Incorporators.** — There must be at least five incorporators, three of whom must be citizens of the State (Laws of 1907, chap. 140).

3. **Contents of Application for Charter.** — The incorporators, five or more in number, must make a written application to the Secretary of State upon blank forms supplied by him for permission to organize a corporation. This application must be subscribed by all of the proposed incorporators and must set forth:

a. Name. — There can be only one corporation of the same name. This must indicate the nature of the business intended to be carried on. It must begin with the word "the" and end with the word "corporation," "company," "association," or "society," and must indicate by its corporate name the business to be carried on by said corporation.

b. Domiciliary Office. — The place where its principal office or place of business is to be located within the State.

c. Duration. — Not to exceed fifty years.

d. Purposes. — The full nature and character of the business in which it proposes to engage. The statute enumerates forty-nine classes of corporations which may be organized under the General Act (Laws of 1907, chap. 140).

"The statute of this State," observes the Secretary of State, "provides that the name of the corporation shall indicate the character of the business in which it proposes to engage, and it is the practice of the charter board to limit the operation of the corporation to a single line of business, except as its engagement in other business may be incidental or necessary to the successful operation of such business."

Parkinson Sugar Co. *v.* Bank, 60 Kan. 474; 57 Pac. 126.

e. Incorporators. — Names and addresses of the incorporators.

f. Capital Stock. — This may be any amount. The par value of shares may be any amount. (See also Laws of 1904, chap. 157; Laws of 1907, chap. 140.)

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers the act confers the following additional powers: To authorize voting by proxy, to permit cumulative voting, to forfeit stock for non-payment of assessments, to issue preferred stock, to issue bonds (secs. 1248, 1266, 1269; Laws of 1907, chap. 140, secs. 1, 24, 25).

5. **Procuring the Charter.** — The petition for a charter must be presented to the charter board, composed of the Attorney-General, the Secretary of State, and the State Bank Commissioner. The application must be accompanied by the payment of $25, known as the "application fee." The board is required to make an investigation of each application, and if satisfied therewith it shall be granted, and the secretary of the board issues his certificate setting forth the fact that the persons named in the application have been authorized by the charter board to form a private corporation. This authorization is in fact merely a legal authority to organize the corporation. Thereupon the charter must be prepared, containing: (1) Name of the corporation. (2) Purposes thereof. (3) Location of principal place of business within the State. (4) Duration of corporate existence. (5) Number of directors, names and residences of those appointed for the first year. (6) Amount of capital stock, and the number of shares into which it is divided. (7) Names and residence of the stockholders and the number of shares held by each. Provision may be made also to the effect that no stockholder shall ever own, or vote as the owner or by proxy or both, to exceed a certain minority part of the capital stock of such corporation, and such provision shall be binding upon and enforced against all stockholders of such corporation (Laws of 1905, chap. 15). A road company must also state the kind of road intended to be constructed, the places from and to which the road is intended to run, the counties through which it is intended to run, and the estimated length of the road. The charter of a bridge or ferry company must also state the stream intended to be crossed and the place where it is intended to be crossed by the bridge or ferry (Laws of 1907, chap. 140, secs. 6, 7). The charter must be subscribed and acknowledged by at least five incorporators, three of whom must be residents of the State (Laws of 1907, chap. 140, sec. 5). The charter of every corporation after the payment of fees provided by law to be paid have been endorsed thereon by the Secretary of State, must be filed in the office of the latter, who shall record the same at length in a book to be kept for that purpose, who shall retain the original on file in his office, giving a certified copy of it to the incorporators. A copy of the charter and of the record thereof, duly certified by the Secretary of State, shall be evidence of the creation of the corporation (Laws of 1907, chap. 140, sec. 11).

Ryland *v.* Hollinger, 117 Fed. 216; 54 C. C. A. 248.

6. **Corporate Indebtedness.** — Must not exceed amount of authorized capital stock (sec. 1274).

7. **Organization Tax.** — The application must be accompanied by what is known as the application fee of $25, and before the charter is filed the applicants must pay to the Secretary of State a capitalization fee as follows: For a corporation having an authorized capital of $100,000 or less, the fee shall be one-tenth of one per centum of the amount, but never less than $10. For a corporation having an authorized capital greater than $100,000 the fee shall be $100, and in addition thereto one-twentieth of one per centum of the amount of such capital in excess of $100,000 (Laws of 1907, chap. 140, secs. 21–23).

8. **Filing and Recording Fees.** — The application fee to the charter board is $25, and to the Secretary of State for filing and recording charter, $2.50 (Laws of 1907, chap. 120, secs. 21, 22).

9. **Commencing Business.** — Corporations may commence business as soon as their application has been favorably acted upon by the charter board, the application fee paid, the charter properly filed and recorded with the Sec-

retary of State, and the organization tax and filing fees paid. Corporations must commence business within one year after filing and recording their charter (Laws of 1907, chap. 140, secs. 10, 12, 32).

10. **Organization Meeting.** — Must be held within the State in the absence of any statute providing otherwise. (See sec. 1277.)

11. **Meetings of Stockholders and Directors.** — All meetings of stockholders must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (secs. 1276, 1288, 1293).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three and not more than twenty-four directors. Three of these must be residents of the State. All directors must be stockholders. Cumulative voting for directors is permitted. The power to adopt by-laws is delegated to the directors, but subject to amendment by stockholders if they choose. An oath of office is required (secs. 1269, 1271, 1276–1279, 1282, 1288, 1293).

b. Liabilities. — Directors are jointly and severally liable for knowingly declaring or paying any dividends when the corporation is insolvent, or any dividend the payment of which would render it insolvent. They may avoid this liability by filing their objections in writing with the secretary of the corporation (sec. 1292).

13. **Stockholders' Liability.** — Stockholders are liable for their unpaid stock subscriptions. The double liability of stockholders that formerly existed in Kansas was removed by Constitutional Amendment adopted in 1906, amending Art. XII. sec. 2 of the Constitution so as to read as follows: "Dues from every corporation shall be secured by the individual liability of the stockholders to the amount of stock owned by each stockholder, and such other means as shall be provided by law." (See also Laws of 1903, chap. 152.) If stock is reduced without the prescribed publication, stockholders are liable for the amount thereof received by each (Laws of 1903, chap. 151).

Musgrave *v.* Association, 5 Kan. App. 393; 49 Pac. 338; Munson *v.* Warren, 63 Kan. 182; 65 Pac. 222.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by such officers as may be designated in the by-laws.

15. **Preferred Stock.** — Preferred stock may be issued by insertion of a provision therefor in the charter, or by the unanimous consent of all the common stockholders of the corporation after incorporation (sec. 1287).

16. **Payment of Capital Stock.** — The capital stock is payable in such amounts and in such manner as may be required by the by-laws under direction of the board of directors (secs. 1285, 1289).

Walburn *v.* Chenault, 43 Kan. 352.

17. **Books.** — A record must be kept of all stock subscribed and transferred and all business transactions. Such records must be open at all times to the inspection of stockholders (sec. 1293). All books of account, records, etc., must be kept at the general office in the State (sec. 1293).

18. **Office.** — Every corporation must maintain an office within the State (sec. 1293). The treasurer's office and all corporate funds must be kept within the State (sec. 1306).

19. **Reports.** — Every corporation, except banking, insurance, and railroad corporations, shall file annually with the Secretary of State, during the

month of February, a statement of condition of such corporation on the 31st day of December preceding. The Secretary of State shall prepare and furnish blank forms for such annual statements. The statement to be made by a domestic corporation shall set forth the following: (1) The authorized capital stock; (2) the paid in capital; (3) the par value of the shares of the capital stock; (4) a complete and detailed statement of the assets and liabilities of the corporation; (5) a complete list of the stockholders, with the post-office addresses of each and the number of shares held by each; (6) the names and addresses of the officers, trustees, or directors and manager elected for the ensuing year. The Secretary of State may at any time require a further or supplemental report under this section, which shall contain the same information and data as specified in the annual report herein required. The failure of any corporation to file the annual statement herein provided for within ninety days from the time provided for filing the same shall work a forfeiture of the charter of any corporation organized under the laws of this State, and the charter board may at any time thereafter declare the charter of such corporation forfeited, and upon the declaration of any such forfeiture it shall be the duty of the Attorney-General to apply to the District Court of the proper county for the appointment of a receiver to close out the business of such corporation; and the failure of any foreign corporation to file such annual statement as heretofore provided for shall work a forfeiture of its authority to do business in this State, and the charter board may at any time declare such forfeiture, and shall publish such declaration in the official State paper. No action shall be maintained or recovery had in any of the courts of this State by any corporation doing business in this State without first obtaining the certificate of the Secretary of State that the annual statements herein provided for have been filed as required by this act. Fee for filing report is $1 (Laws of 1907, chap. 140, sec. 29).

20. **Anti-Trust Statute.** — Kansas has an elaborate anti-trust statute providing for the prohibition of certain kinds of pools, trusts, or conspiracies (secs. 2427, 2431, 7864–7874; Laws of 1905, chaps. 2, 157).

State *v.* Jack, 69 Kan. 387; Keene *v.* The Company, 69 Kan. 284.

21. **Statutory Grounds for Forfeiture of Charter.** — The charter board is authorized by law to declare a charter void for failure to furnish such information, in the way of annual reports or otherwise, as may be required by the Secretary of State. The charter may be forfeited for illegal use or abuse of corporate powers, or for entering illegal trusts and combinations, or for failure to commence business within one year from filing of charter, or for failure to maintain its domiciliary office and resident directors (secs. 1283, 1293, 1294, 1310, 1311, 7866; Laws of 1907, chap. 140, secs. 31, 32; Laws of 1905, chaps. 2, 315).

22. **Extension of Corporate Existence.** — Corporate existence may be extended for successive periods of fifty years by filing with the Secretary of State at any time certificate of its intention to so extend its time of existence, signed and duly acknowledged by the president and secretary after the same has been authorized by its board of directors and approved by a two-thirds vote of its stockholders present at any meeting duly called for that purpose (Laws of 1907, chap. 140, secs. 17, 18, 23).

23. **Annual License Tax.** — There is no annual license tax.

24. **Amendments.** — Any domestic business corporation may amend its

charter in any of its parts by the affirmative vote of two-thirds of the shares of stock of any such corporation, at a meeting of the stockholders called for the purpose in conformity with the by-laws thereof. After such amendment has been duly adopted by the stockholders a copy thereof, duly certified by the president and secretary of the corporation, shall be submitted to the charter board, and when approved by such board shall be filed in the office of the Secretary of State along with the original charter of the corporation (Laws of 1907, chap. 140, secs. 17, 18).

When the name of a corporation shall have been changed, or where the capital of a corporation shall have been decreased, or when the location of the principal office or place of business shall have been changed, notice of the same shall immediately thereafter be published once each week for four consecutive weeks in a newspaper printed and published in the county where the principal office of the corporation is located (Laws of 1907, chap. 140, sec. 19).

Any corporation may increase its capital stock to any amount not exceeding three times the amount of its authorized capital by vote of two-thirds of the stockholders cast at any meeting duly convened for that purpose, or such corporation may increase its capital to any amount by vote as aforesaid, provided there be an actual *bona fide* additional paid up subscription thereto, equal to the amount of such increase, and such increase shall become a part of the capital of the corporation from and after the date of filing the certificate of such amendment in the office of the Secretary of State (Laws of 1907, chap. 140, sec. 20).

In order to decrease the capital stock the president of the corporation, upon request of the holders of one-fourth of stock, or the board of directors without such request, may call a meeting of the stockholders for the purpose of passing upon the question. Notice of such meeting shall be given in the manner and time provided by the by-laws, and in the absence of such a provision ten days' notice thereof shall be given to the stockholders personally or by mail. If at such meeting not less than two-thirds of the capital stock be voted in favor of such decrease, a certificate of such decrease under the corporate seal, signed by the president and secretary and acknowledged by the president, shall be filed in the office of the Secretary of State, and thereupon the charter of such corporation shall be amended accordingly (Laws of 1903, chap. 151).

An alternative method of decreasing the capital stock is provided for by permitting the retiring or reducing of any class of stock, or by the surrender by every stockholder of his shares and the issuance to him in lieu thereof of a decreased number of shares, or by reducing the number of shares. If this method is adopted, a certificate of decrease must be published once each week for three successive weeks in some newspaper published in the county where the principal office of the corporation is located, the first publication to be made within fifteen days after the filing of such certificate with the Secretary of State. In default of such publication the directors of the corporation are jointly and severally liable for all debts of the corporation contracted after the filing of such certificate with the Secretary of State before the publication of the same (Laws of 1903, chap. 151).

25. **Dissolution.** — The corporation may be dissolved either on application to the court (secs. 1310, 1312–1315; Laws of 1907, chap. 140, sec. 31); or it may be voluntarily dissolved by vote of the stockholders as provided in sec. 30 of chap. 140 of the Laws of 1907. In order that there may be a

voluntary liquidation the corporation must have liquidated its obligations, and the resolution of the dissolution shall state that the corporation has no outstanding indebtedness. Upon the filing of a copy of such resolution, certified by the president and secretary, in the office of the Secretary of State, the corporation shall cease to exist (Laws of 1907, chap. 40, sec. 30).

Brigham *v.* Nathan, 62 Kan. 243; 62 Pac. 319; Jones *v.* Edson, 10 Kan. App. 110; 62 Pac. 249.

26. **Foreign Corporations.** — Every foreign corporation that has a place or places of business within the State of Kansas or distributing point therein where it delivers its wares or products to resident agents for sale, delivery, or distribution, shall be held to be doing business in the State within the meaning of the act governing foreign corporations (Laws of 1907, chap. 140, sec. 28). Foreign corporations must apply to the charter board for permission to engage in business in the State. At the time of such application they shall pay an application fee of $25, and shall make application upon blank forms supplied by the Secretary of State, and shall therein set forth the following matters: (1) A certified copy of its charter or articles of incorporation; (2) the place where the principal office of the corporation is located; (3) the place where the principal place or places of business in Kansas are to be located; (4) the full nature and character of the business the corporation proposes to conduct in the State; (5) the name and address of each of the officers, trustees, or directors of the corporation; (6) a detailed statement of the assets and liabilities of the corporation, which must be subscribed and sworn to by the president and secretary of the corporation; (7) the written consent of the corporation irrevocable, that actions may be commenced in the proper court of any county in the State in which a cause of action may arise or in which the plaintiff may reside, by service of process upon the Secretary of State. This consent must be executed by the president and secretary of the company, authenticated by the seal thereof, and be accompanied by a duly certified copy of the resolution of the board of directors authorizing the said secretary and president to execute the same (Laws of 1907, chap. 140, sec. 13). All foreign corporations must pay the same fees as are required of domestic corporations of like capitalization upon their incorporation (Laws of 1907, chap. 140, sec. 23).

Every foreign corporation for profit doing business in this State, except banking, insurance, and railroad corporations, shall file in the office of the Secretary of State during the month of February of each year a statement of the condition of the corporation at the close of business on the 31st day of December next preceding the day of filing. The annual statement to be filed by a foreign corporation shall set forth the full corporate name of such corporation; the location of its principal office or place of business without this State; the location of its principal office or place of business within this State, if any it has; the names and addresses of its officers and directors; the amount of its authorized capital stock and the amount of each share; the amount of its capital stock subscribed and the amount and general nature of its resources and liabilities in a form to be subscribed by the charter board. Such statement shall be subscribed and sworn to by the president or general manager and by the secretary of such corporation, and shall be made upon a blank furnished by the Secretary of State. The fee for filing such a report and making the certificate that the same has been made and is on file as aforesaid shall be $1.

State *v.* Topeka Water Co., 61 Kan. 547; 60 Pac. 337; Alliance Trust Co. *v.* Wilson, 9 Kan. App. 891; 59 Pac. 177; S. C. L. S. C. Co. *v.* Haston (Kan.), 75 Pac. 1028; State *v.* American Book Co. (Kan.), 76 Pac. 11; J. D. P. Co. *v.* Wyland (Kan.), 76 Pac. 863.

KENTUCKY.

(The references cited below are to the Revised Statutes of 1894, unless otherwise stated.)

1. **Statute under which Business Corporations may incorporate.** — The Business Corporation Act of Kentucky is found in the Revised Statutes, 1894, secs. 538–576, and acts amendatory thereof. Under it parties may incorporate for transaction of any lawful business. There are special provisions applicable to collection agencies, banks, bankers, bridge companies, building and loan associations, insurance, railroad, and real estate corporations (sec. 538. As to incorporation of warehouse companies, see Laws of 1906, chap. 145).

Sayre *v.* Ass'n, 62 Ky. 143.

2. **Incorporators.** — Any number of persons not less than three may be incorporators. There are no residential requirements (sec. 538).

Louisville Bank Co. *v.* Eisenman, 94 Ky. 83; 31 S. W. 531.

3. **Contents of the Certificate of Incorporation.** — The articles must specify:

a. Name. — Similarity of names as to existing domestic corporations is forbidden. The word "incorporated" must always follow the name adopted (sec. 576).

b. Domiciliary Office. — Location within the State of the principal office or place of business of the corporation.

c. Purposes. — The nature of the business, the objects or purposes proposed to be carried on, promoted, or transacted. This permits of incorporation for more than one purpose.

d. Capital Stock. — The amount of capital stock and the number of shares into which the same is divided. The capital stock may be any amount. The par value of shares may be any amount. If preferred stock is to be issued, provision therefor must be made in this section (sec. 564; Laws of 1904, chap. 105).

e. Subscribers to Capital Stock. — The names and places of residence of the stockholders and the number of shares subscribed by each.

f. Duration. — The time when the corporate existence commences and the duration of the same. This may be unlimited.

g. Directors and Officers. — A designation of the officers or persons who are to conduct the affairs of the corporation and the time and place at which they are to be elected. There must be at least three directors.

h. Corporate Indebtedness. — The highest amount of indebtedness or liability which the corporation may at any time incur. This may be unlimited.

i. Stockholders' Liability. — Statement as to whether the private property of the stockholders shall be subject to the payment of corporate debts, and if so, to what extent (sec. 539). If desired, the mode of voluntary dissolution may be provided for in the articles (sec. 561).

Louis Bletz & Co. *v.* Bank, 21 Ky. Law Rep. 1554; 55 S. W. 697; Thwealf *v.* Bank, 81 Ky. 1; 4 Ky. Law Rep. 557.

4. **Statutory Powers.** — In addition to the enumeration of the common law powers of corporations, the statute gives the corporation power to remove officers, to define their duties, and to require from any of them a bond for the faithful performance of their duties, and gives boards of directors power to

adopt by-laws. The statute forbids the purchase by the corporation of its own capital stock except to prevent loss upon debts previously contracted, and the stock so purchased shall in no case be held for more than one year. It also permits corporations to consolidate and to issue preferred stock. Also a lien on stock for debts due the corporation from stockholders may be enforced by the corporation. Corporations cannot hold any real estate, except as may be necessary for carrying on their legitimate business, for a longer period than five years. Power to vote by proxy, to fo feit stock for non-payment of assessment, to permit cumulative voting, and to classify directors is given (secs. 542, 543, 551, 555, 564, 567; Laws of 1902, chap. 58; Laws of 1905, chap. 105). Power to adopt by-laws is delegated to the directors (sec. 542).

German Nat. Bank *v.* K. T. Co., 19 Ky. Law Rep. 361; 40 S. W. 458; C. G. L. Co. *v.* City of Covington, 22 Ky. Law Rep. 796; 58 S. W. 805; Phillips *v.* Winslow, 57 Ky. 431; L. G. Co. *v.* Kaufman, 105 Ky. 131; 48 S. W. 434; Jefferson *v.* Burford, 13 Ky. Law Rep. 650; 17 S. W. 855; Price *v.* Company, 17 Ky. Law Rep. 865; 32 S. W. 267; Shaw *v.* Company, 12 Ky. Law Rep. 799; 15 S. W. 245.

5. **Corporate Indebtedness.** — There is no limit to the amount of indebtedness which a corporation may incur. No bonds can be issued except for equivalent in money paid, labor done, or property actually received and applied to the purposes for which the corporation was created (sec. 568; Laws of 1905, chap. 105).

6. **Procuring the Charter.** — The articles of incorporation must be signed and acknowledged by each of the incorporators. They must then be recorded in the county clerk's office of the county in which the principal place of business is to be located, and a copy thereof filed and recorded in the office of the Secretary of State (secs. 540, 542, 570). Collateral inquiry into the legality of corporate existence is forbidden (sec. 566).

Walton *v.* Riley, 85 Ky. 413; 3 S. W. 605; P. & G. T. Co. *v.* Bobb, 88 Ky. 226; 10 S. W. 794; Sims *v.* Commonwealth, 71 S. W. 929; 24 Ky. Law Rep. 1591; Wight *v.* Company, 55 Ky. 4; Gill *v.* Company, 70 Ky. 635.

7. **Organization Tax.** — An organization tax amounting to one-tenth of one per cent on the amount of authorized capital stock and a like tax upon any subsequent increase thereof is exacted (Acts of 1906, p. 22; Art. XIII. par. 1).

8. **Filing and Recording Fees.** — The recording fee in the office of the Secretary of State is 25 cents per folio of one hundred words (Laws of 1906, chap. 2). No charge is made for issuing the certificate of incorporation. The fee for certified copy of certificate of incorporation is 25 cents per page for copying and $2 for certificate under seal. For recording appointment of agent upon whom process may be served in the case of foreign corporations a fee of 50 cents is charged. Recording fees in local county office for articles averaging one thousand words in length is $3, which includes cost of certified copy for filing in the office of the Secretary of State. The county clerk is entitled to charge 25 cents per folio of one hundred words for recording certificate of incorporation.

9. **Commencing Business.** — Corporations in order to transact any business with persons other than the stockholders must procure subscriptions in good faith for at least fifty per cent of the authorized capital stock. When this has been done, the corporation may commence the transaction of its business. Such business must be commenced within two years after organization (secs. 543, 565). Before commencing business the corporation must file in the office of the Secretary of State a statement, signed by its president or secretary, giving the location of its office or offices within the State, and the name or names of its agent upon whom process may be served (sec. 571).

10. **Organization Meeting.** — Organization meeting must be held within the State, in the absence of any statute providing otherwise.

11. **Meetings of Stockholders and Directors.** — All meetings of stockholders must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (sec. 551).

P. C. Co. *v.* Finley, 98 Ky. 405; 33 S. W. 188; Schmidt *v.* Mitchell, 101 Ky. 370; 41 S. W. 929; Vaught *v.* Company, 49 S. W. 426; 20 Ky. Law Rep. 1471.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors, each of whom must own in his own right not less than three shares of stock. There are no residential requirements. Directors may be classified, if desired. They must also adopt by-laws (secs. 542, 551). Cumulative voting for directors is authorized, but is not compulsory (sec. 552; Cons., sec. 207).

Schmidt *v.* Mitchell, 101 Ky. 570.

b. Liabilities. — Directors are jointly and severally liable for the declaration and payment of dividends when the corporation is insolvent or the declaration or payment of which renders it insolvent or which diminishes the amount of its capital stock. They are also jointly and severally liable for knowingly causing to be published or given out any false statement or report of the condition of the corporate business, or for failing or refusing to comply with, or for violation of, any provision of the Business Corporation Act applicable to them (secs. 548–550 inclusive).

Prewitt *v.* Trimble, 92 Ky. 176; 17 S. W. 356; Kruse *v.* Humpert, 21 Ky. Law Rep. 985; 53 S. W. 657; Dudley *v.* Price, 49 Ky. 84; O'Neal *v.* Company (Ky.), 80 S. W. 451; 25 Ky. Law Rep. 2279; Schmidt *v.* Mitchell, 98 Ky. 218; 32 S. W. 599; 33 S. W. 408; C. C. Co. *v.* Bate, 96 Ky. 356; 26 S. W. 538; Dietrich *v.* Rottenberger, 25 Ky. Law Rep. 338; 75 S. W. 271; Cornwall *v.* Eastham, 65 Ky. 561; Brannin *v.* Loring, 82 Ky. 370; 6 Ky. Law Rep. 328; Guentter *v.* Company, 107 Ky. 44; 52 S. W. 931.

13. **Stockholders' Liabilities.** — Stockholders in ordinary business corporations are liable only for their unpaid stock subscriptions (sec. 547; Laws of 1902, chap. 10).

Cincinnati Cooperage Co. *v.* Bate, 16 Ky. Law Rep. 626; 26 S. W. 538; Senn *v.* Levy, 23 Ky. Law Rep. 662, 1331; 63 S. W. 776.

14. **Stock Certificates.** — Every shareholder is entitled to have a stock certificate issued to him, signed by such officers as may be designated in the by-laws (Laws of 1904, chap. 105).

15. **Preferred Stock.** — Any corporation organized under this act may divide its shares into classes, such as preferred, common, and deferred shares, or as may be otherwise designated, and it may give to each of the several classes such priority of right in the payment of dividends and in the redemption of the shares as may be prescribed in the rules and regulations adopted by the shareholders. But no such preferred stock shall be issued except for cash or its equivalent, nor for less than the par value of the shares; and the holders thereof shall be entitled to receive quarterly, semi-annual, or annual dividends thereon at such rate as may be prescribed in its issue, payable before any dividends shall be declared on the common stock, and it shall be stated in the certificates representing the preferred and common stock respectively. On the dissolution of the company, voluntary or otherwise, the holders of such preferred stock shall be entitled to have their shares redeemed at par before any distribution of any part of the assets of the company shall be made to the holders of the common stock. After incorporation, the corporation may, by a vote of two-thirds in amount of the outstanding capital stock cast at a special meeting of

the stockholders called for that purpose and of which notice shall have been given as provided in the by-laws of the company at least twenty days before the date of such meeting, or at the annual meeting of the stockholders, or by the written consent of the holders of not less than two-thirds in amount of the capital stock, distribute or convert its outstanding capital stock into preferred and common stock in such proportion as may be desired, provided that all holders of stock at the time of distribution shall be entitled to the same *pro rata* proportion of such preferred and common stock. Preferred stock may be made convertible into the bonds of the company, if desired (secs. 564, 771; Laws of 1904, chap. 105).

16. **Payment of Capital Stock.** — Stock can be issued only for money paid, labor done, or property actually received and applied to the purposes for which the corporation was created. No labor nor property shall be received in payment of stock at a greater value than the market price at the time the labor was done or the property delivered. All fictitious increases of stock shall be void (sec. 568; Cons., sec. 193).

Mercer *v.* Company, 18 Ky. Law Rep. 985; 38 S. W. 841; J. R. P. L. Co. *v.* Cooke, 103 Ky. 96; 44 S. W. 391; Bush *v.* Robinson, 95 Ky. 492; 26 S. W. 178.

17. **Books.** — A book containing the name and post-office address, the numbers of shares held by each stockholder, and the time when such person became a stockholder, must be kept. Also a stock transfer book must be kept at the principal office of the corporation within the State (sec. 546). This is open to the inspection of stockholders and creditors.

18. **Office and Agent.** — Every corporation must maintain an office within the State and have an authorized agent therein upon whom process may be served. The designation of such agent must be filed in the office of the Secretary of State, by certificate signed by the president or secretary giving location of the office of the company in the State, and the name of the agent upon whom process may be served (sec. 571; Cons., sec. 194).

Standard Oil Co. *v.* Commonwealth, 23 Ky. Law Rep. 302; 62 S. W. 897.

19. **Reports.** — See section 21, *post.*

20. **Anti-Trust Statute.** — There is an anti-trust statute in force directed against illegal combinations, pools, and trusts (Cons., sec. 198; R. S., secs. 3915–3921 inclusive).

21. **Annual License Tax.** — An annual franchise tax based upon the amount of the authorized capital stock of the corporation is imposed as follows: Domestic and foreign corporations shall pay an annual franchise tax of 30 cents on each $1,000 of that part of their authorized capital stock represented by property owned and business transacted in this State which shall be ascertained by finding the proportion that the property owned and business transacted bears to the aggregate amount of property owned and business transacted in and out of the State: Provided, that such corporations may pay at such rate upon their entire authorized capital stock, and in that event they shall not be required to report as to their property and business as provided in the other sections of the act. Domestic corporations are not required to pay the annual license tax for the year in which they may organize.

On or before the 15th day of December of each year the Auditor of Public Accounts is required to furnish to all corporations a blank upon which to make the report which is to serve as the basis for the imposition of the annual license tax. This report, verified by the affidavit of the president or secretary of the

corporation, must be filed with the Auditor of Public Accounts on or before the 1st day of February of each year. Upon this report the Board of Assessment and Valuation ascertains and fixes that part of the authorized capital stock of the corporation upon which the license tax shall be based. As soon as the amount is arrived at, the Auditor of Public Accounts is required to notify each corporation of the amount so assessed against it by the Board. The corporation is required to pay the tax to the Auditor of Public Accounts not later than thirty days after notification to the corporation of its tax. The report required by this act must show the following facts:

Name of such corporation; the name of the State or government under the laws of which it is incorporated; the date of incorporation; the place of its principal office in and out of this Commonwealth; the name and post-office address of its president and secretary; the name and post-office address of its authorized agent or attorney upon whom process may be executed, as provided by law, and the name and address of its officer or agent in charge of its business in this State; total amount of its authorized capital stock; the value of the property owned and used by the company in Kentucky, where situated, and the value of the property owned and used by the company outside of Kentucky; aggregate amount of business transacted by said company during the preceding year ending the 31st day of December, and the proportion of such business transacted in this State; and state such other facts bearing on this matter as the Board of Valuation and Assessment may require. The minimum annual license tax is fixed at $10 (Laws of 1906, chap. 22).

22. **Extension of Corporate Existence.** — There is no statutory provision therefor.

23. **Statutory Grounds for Forfeiture of Charter.** — Every charter is liable to be forfeited by suit brought for that purpose by the State for failing to comply with any requirement or provision of its charter, or for any abuse or misuse of its corporate powers, and shall have thereby become detrimental to the internal welfare of the State. The charter is liable to forfeiture for failure to commence business within two years after its organization, for entering into illegal trusts, combinations, and pools, or for giving money to fix the result of any election (secs. 565, 569, 1574 a, 1987, 3919; Cons., sec. 205).

S. E. Co. *v.* Commonwealth, 21 Ky. Law Rep. 1556; 55 S. W. 684.

24. **Amendments.** — By consent in writing of owners of two-thirds of capital stock, the articles of incorporation may be amended for any purpose, said alteration or amendment to be signed and acknowledged by the directors, or a majority of them, and filed and recorded as articles of incorporation are required to be filed in the first instance (secs. 559, 574). Under Acts of 1904, chap. 105, special provision is made for increasing the capital stock. The procedure therein outlined is as follows: Any business corporation may, by a resolution adopted by a vote of holders of not less than two-thirds in amount of its outstanding capital stock, passed in person or by proxy, at a special meeting of stockholders called for that purpose, and of which notice shall have been given as provided in the by-laws of the company, at least twenty days before the date of the meeting or at the annual meeting of the stockholders of the company, or by written consent of the holders of not less than two-thirds in amount of its capital stock, increase its capital stock in such manner as may be deemed desirable.

Senn *v.* Levy, 111 Ky. 318; 63 S. W. 776; Cin. Coop. Co. *v.* Bate, 96 Ky. 356; 26 S. W. 538; 14 Ky. Law Rep. 469.

25. **Dissolution.** — Any corporation may, by consent in writing of the owners of a majority of its stock, close its business and wind up its affairs (sec. 561).

Williams *v.* Nall, 108 Ky. 21; 55 S. W. 706; L. G. Co. *v.* Kaufman, 105 Ky. 131; 48 S. W. 434; G. T. S. Co. *v.* Taylor & Sons, 113 Ky. 709; 68 S. W. 862; Bank *v.* Trimble, 45 Ky. 599; E. B. & L. Ass'n *v.* Company, 113 Ky. 246; 68 S. W. 21.

26. **Foreign Corporations.** — The only requirements necessary to be complied with in order to transact business within the State on the part of foreign corporations is the designation of an agent upon whom process may be served, and a declaration of the name of such agent and the domicile of the corporation, by filing same with the Secretary of State (Act 1890, p. 188; see also Cons., sec. 202; Laws of 1904, chap. 69). Foreign corporations must pay the same annual license tax as is imposed upon domestic corporations (see *ante*, sec. 21; Acts of 1906, chap. 22; Art. XI. pars. 3–9).

Commonwealth *v.* Read Phosphate Co., 23 Ky. Law Rep. 2284; 67 S. W. 45; Aultman Taylor Co. *v.* Mead, 22 Ky. Law Rep. 1189; 60 S. W. 294; Phœnix Ins. Co. *v.* Commonwealth, 68 Ky. 68; Commonwealth *v.* P. & O. Co., 26 Ky. Law Rep. 58; 80 S. W. 791; C. T. & T. Co. *v.* L. H. L. Co., 24 Ky. Law Rep. 1676; 72 S. W. 4.

LOUISIANA.

(The references cited below are to Wolff's Revised Statutes of 1904, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Louisiana is found in the Revised Statutes of that State, 1904, secs. 683–741; see also Civ. Code of Louisiana, 1870, secs. 427–447. (See Laws of 1902, Acts 53, 154; Laws of 1904, Act 78.) Special acts are provided for banking, building and loan, canal, insurance, railway, safe deposit and trust, street railway, surety, telegraph, and telephone companies. Incorporation for stock-jobbing business is expressly forbidden (sec. 683; Laws of 1888, Act 36). At the present time practically all business corporations formed within the State are incorporated under Act No. 78 of the Louisiana Sessions Laws of 1904. This act permits incorporation for any purpose except that of insurance and banking, or the carrying on of any business entitling the corporation to exercise the right of eminent domain.

2. **Incorporators.** — Under Act 78, Laws of 1904, but three incorporators are required. There are no residential requirements. (See, however, sec. 683; Laws of 1882, Act 111; Laws of 1902, Act 154).

Ross *v.* Crockett, 14 La. Ann. 811; Board of Trustees, etc. *v.* Campbell, 48 La. Ann. 1543; 21 Sou. 184.

3. **Contents of the Charter** (sec. 685). — The charter must contain:

a. Name. — A corporation organized under "Limited Liability Act" must have the word "limited" in its name. Similarity of names is not forbidden.

b. Domiciliary Office. — The location of the principal office or place of business within the State.

c. Purposes. — Corporations may be organized for more than one purpose if none of these are within those classes for which special acts are provided, and if the corporation has a subscribed capital of $3,000 or over (Laws of 1904, Act 78).

d. Service of Process. — An officer must be designated upon whom process may be served.

e. Capital Stock. — Amount of capital stock, number of shares, par value of same, time when and manner in which payment thereof shall be made. The subscribed capital stock of all companies incorporated under Act 78, Laws of 1904, must be not less than $3,000. The par value of the shares may be any amount.

f. Election of Directors. — The mode in which the election of directors shall be conducted.

g. Dissolution. — The mode of liquidation at the termination of the charter (sec. 685).

The duration of charters is ninety-nine years (sec. 684).

L. N. & F. Co. *v.* Doullet (La.), 38 Sou. 613.

4. **Statutory Powers.** — The statute enumerates the implied common law powers of corporations, and also confers the following additional powers: Business and manufacturing corporations whose objects are of the same general nature may consolidate. The right to receive legacies and donations is also

given (secs. 684; Laws of 1874, Act approved Dec. 12; see also Cons., 1898, sec. 265).

5. **Corporate Indebtedness.** — Railway, plank road, turnpike, canal, warehouse, drainage, sewage, land reclaimer, levee building, waterworks, electric lighting and power, bridge, mills and refineries, saw-mills, rice-mills, cotton-oil mills, erecting companies, ship-building and dock corporations, may borrow money and issue bonds and mortgage their properties and franchises under such terms as the directors may direct or deem expedient (Laws of 1902, Act 30; see also Laws of 1902, Act 121). If desired, corporate bonds may be converted into stock within ten years from their date (R. L. of 1904, p. 236).

6. **Procuring the Charter.** — The articles must be signed and acknowledged before a notary. Charters for commercial and manufacturing corporations must be recorded in the office of the recorder of mortgages of the parish of their domicile, together with a list of subscriptions to their stock. Such charters must also be published in some daily newspaper within the parish of the domicile five times within thirty days. It is not necessary to publish the list of subscribers. A duly certified copy of the charter, taken either from the record of the notary before whom the act was passed, or from the record thereof in the office of the recorder in whose office said charter shall have been recorded, must be filed in the office of the Secretary of State. To this copy must be affixed the certificate of the recorder, attesting recordation of the act in his office, etc.; also a copy of one issue of the newspaper wherein the said charter shall have been published, together with the affidavit of publication (secs. 677, 686; Laws of 1898, Act 59).

7. **Organization Tax.** — There is no organization tax, properly speaking. The principal expense involved is the fee to the notary for drawing the charter. His fees range from $25 up, the same being regulated by the length of the charter and the amount of the capital stock.

8. **Filing and Recording Fees.** — To the Secretary of State for recording charter, 25 cents per hundred words; for certificate of recordation, $1; for certified copy of charter, $1; for filing and recording amendments to charter, 25 cents per hundred words; for recording charter in local parish, recording fees, 15 cents per hundred words.

9. **Commencing Business.** — Corporations may begin business immediately after the first publication of the charter. Under Act 78, Laws of 1904, at least $3,000 of the capital stock must be subscribed for in order to entitle the corporation to begin business.

Globe Realty Co. *v.* Whitney, 106 La. Ann. 257; 30 Sou. 745.

10. **Organization Meeting.** — In the absence of any statute providing otherwise, the organization meeting must be held within the State (sec. 741).

11. **Meetings of Stockholders and Directors.** — All meetings, whether of stockholders, directors, or officers, must be held at the domicile of the corporation within the State. The law provides that any such meeting held elsewhere and any business transacted thereat shall be unlawful and of no effect (sec. 741).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The statute does not provide any specific number of directors, neither are there any residential requirements (sec. 684).

b. Liabilities. — Directors are liable for any resulting damage or indebtedness arising from the omission of the word "limited" from the corporate name

(R. L. of 1904, p. 243). They are also liable to fine and imprisonment for violation of anti-trust laws (R. S., 1904, pp. 1804–1806). Officers are also liable for refusal to allow examination of books. (See Bourdette *v.* Sieward, 107 La. 258.)

13. **Stockholders' Liabilities.** — Stockholders are liable for unpaid balance due the company on shares owned by them. The statute specifically provides that no mere informality in organization shall have the effect of exposing a stockholder to any liability for unpaid balance due on his stock. The statute also provides that the word "limited" shall be the last word of the name of every corporation. The act further provides that the omission of the word "limited" in the use of the name of the corporation shall render it, and every person participating in such omission or knowingly acquiescing therein, liable for any indebtedness, damage, or liability arising therefrom (sec. 690; Laws of 1888, Act 36).

14. **Stock Certificates.** — Every stockholder is entitled to have a certificate issued to him signed by such officers as may be designated in the by-laws.

15. **Preferred Stock.** — There is no statutory authorization for the issuance of preferred stock.

16. **Payment of Capital Stock.** — Stock may be issued under the constitution for labor done or money or property actually received. All fictitious issues of stock are declared void (Cons., Art. 266).

17. **Books.** — The corporation is required to keep a stock transfer book at its domicile within the State. This book must be kept open for public inspection (Cons., Art. 273).

Legendre *v.* Association, 45 La. Ann. 669; 12 Sou. 837; Bourdette *v.* Sieward, 107 La. Ann. 258; 31 Sou. 630.

18. **Office.** — Every corporation is required to keep a public office or place of business within the State for the transaction of business (Cons., Arts. 264, 273; R. S. sec. 740). The corporate name must be displayed on its office or place of business and stationery (Cons., Art. 273; R. S. 1904, p. 243).

19. **Reports.** — The president, cashier, secretary, or agent of every stock corporation must, on or before the 1st day of March in each year, make and deliver to the State collectors or assessors of the parish in which such company is liable to be taxed a written statement under oath specifying: First, the real estate, if any, owned by such company when the same is located in this State; second, the capital stock actually paid in and not invested in real estate; third, the place of its principal business or where its principal operations are carried on in which it is liable to be taxed (sec. 736; see also Laws of 1898, Act 170). For the purpose of taxation, the parish assessors within the county where the corporation has either real or personal property must be furnished by every domestic corporation with a sworn statement of its condition. This statement of condition must be made next preceding the day of listing, and must be made within the first twenty days of January of each year. The statement must include the cost of the corporation's property, real and personal, and the value at which the same is carried in the books. It must include also a statement of the earning capacity of the corporation, which earning capacity shall form the basis of estimate and value of its charter or franchises (Acts of 1906, Act 66).

20. **Anti-Trust Statute.** — There is a constitutional prohibition forbidding corporations to combine or conspire together for the purpose of forcing up or down the price of any agricultural product or article of necessity for speculative purposes (Cons., Art. 190). Under the Act of July 7, 1892, this consti-

tutional provision is put in force in the form of an express anti-trust statute (Laws of 1892, Act 90).

State *v.* Company, 109 La. 64.

21. **Annual License Tax.** — There is no annual license tax, properly speaking, in existence in Louisiana. A license tax is imposed, however, on gross receipts of certain designated lines of business, whether carried on by individuals or corporations (pp. 1674–1723 inclusive).

22. **Extension of Corporate Existence.** — There is no statutory provision therefor.

23. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited for fictitious issues of stock, for violation of the Anti-Trust Act and for insolvency (Laws of 1902, Act 224; see also Cons., Art. 266, and R. S., sec. 731).

La. Savings Bank, 35 La. Ann. 196; State *v.* Company, 111 La. 1049.

24. **Amendments.** — The law provides that stockholders of any corporation, at a general meeting convened for that purpose, may make any alterations, additions, or changes in their charter with the assent of three-fourths of the stockholders represented at said meeting. Such amendments as are adopted to be recorded as in the case of original charters. Special provision is made in the case of increase or decrease in the capital stock. To effect such a change, directors of the corporation must publish a notice, for thirty days preceding the time fixed for such meeting, that a meeting of the stockholders will be held at the office of the corporation for the purpose of deciding upon such increase or decrease, and shall also deposit a written or printed copy of such notice in the post-office, prepaid, addressed to each stockholder at his usual place of residence at least forty days before the date fixed for such meeting. At the meeting, when held, stockholders being present either in person or by proxy holding an amount not less than two-thirds in value of the stock, a vote may be taken thereat upon the proposed increase or decrease of the capital stock. If stockholders holding not less than two-thirds of the stock of the corporation have voted in favor of the proposed increase or decrease of stock, a certificate of the proceedings shall be made, showing compliance with the provisions of law, the amount of the capital stock at the time such vote was taken, and the number of holders thereof, the amount and number of shares to which it was proposed and carried to increase or decrease, the amount and number of shares whose holders have voted against such change, and the whole amount of the debts and liabilities of such corporation. The said certificate shall be signed by the chairman and secretary of the stockholders' meeting and shall be verified by their affidavits, and then filed in the office of the Secretary of State (sec. 687; Laws of 1882, Act 26; Laws of 1898, Act of July 14 of that year).

In making amendments to charters, it is necessary that the same be published and recorded in the same manner as the original charter.

25. **Dissolution.** — Corporations may be dissolved by vote of three-fourths of the stockholders represented at any meeting called for that purpose (Civ. Code, Art. 447; R. S., sec. 688; Laws of 1902, Act 224).

Curie *v.* Santini, 16 La. Ann. 27.

26. **Foreign Corporations.** — All foreign corporations doing business within the State must file in the office of the Secretary of State a written declaration setting forth the place or locality of its domicile or place in the State

where it is doing business, and the name of an agent within the State upon whom process may be served (Laws of 1904, Act 54). For filing, recording, and furnishing certified copy of power of attorney appointing an agent for a foreign corporation, the Secretary of State charges $3.50. They are also required to file the same annual reports as are exacted of domestic corporations (sec. 736; Laws of 1898, Act 170). Under the Laws of 1898, Act 127, an annual license tax is authorized to be levied upon certain classes of corporations doing business within the State whose domiciles are in other States or foreign countries. This act is not general, but only applies to such corporations as are especially named in the act. The constitutionality of this statutory enactment is questioned on the ground of lack of uniformity. (See Cons., Art. 242.)

State *ex rel.* Watkins *v.* Company, 106 La. Ann. 621; 31 Sou. 172; State *v.* Southern Pacific Co., 52 La. Ann. 1822; 28 Sou. 372; Milwaukee Trust Co. *v.* Insurance Co., 106 La. Ann. 669; 31 Sou. 298; New Orleans *v.* Insurance Co., 106 La. Ann. 31; 30 Sou. 254.

MAINE.

(The references cited below are to the Revised Statutes of 1904, chap. 47, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — Business corporations are organized under the provisions of chap. 47 of the Revised Statutes of 1904. Special acts are provided for banks, gas and electric companies, navigation, railway, insurance, and trust companies, telegraph and telephone, water and aqueduct corporations. Corporations may, however, be formed for the construction and operation of railways without the State; also telegraph and telephone companies, gas and electrical companies, with the same limitations (sec. 6).

2. **Incorporators.** — Any number of persons not less than three may incorporate. There are no specific residential requirements (sec. 6).

Ulmer *v.* Company, 98 Me. 579; 57 Atl. 100.

3. **Procuring the Charter.** — The incorporators should first prepare and sign written articles of association, setting forth the purposes of the corporation, the place where the first meeting of incorporators shall be held, and the date thereof, together with the names and residences of the incorporators. The first meeting of incorporators may be called by one or more of the signers of said articles of association by giving notice thereof, stating the time, place, and purposes of the meeting to each signer in writing, or by publishing it in some newspaper printed in the county where the corporation is to be domiciled, at least fourteen days prior to the time appointed therefor. If all the signers of said articles shall in writing waive notice and fix a time and place for such meeting, no notice of publication shall be necessary. Whether the meeting be called by notice or by means of a waiver of notice, the same must describe the purposes of said meeting as follows: (1) To organize into a corporation; (2) to adopt a corporate name; (3) to define the purposes of the corporation; (4) to fix the amount of capital stock and divide the same into shares; (5) to elect a president, not less than three directors, a clerk, a treasurer, and all other necessary officers; (6) to adopt a code of by-laws; (7) to act upon any other business which may properly come before the meeting (Laws of 1907, chap. 86). The meeting should then be held, whereat a chairman and a clerk are chosen. The clerk should forthwith be sworn. After the business described above is concluded, a certificate of organization should be prepared and signed by the president and a majority of the board of directors (for contents of certificate of organization see sec. 4, *post*). This certificate must be sworn to by the persons signing the same. The certificate of organization must next be submitted to the Attorney-General for examination and approval. After this is obtained, the certificate of organization, together with the certificate of the Attorney-General approving the same, must be recorded in the office of the register of deeds of the county where the principal place of business of the corporation is located. Within sixty days after the date of the organization meeting, a copy of the certificate of organization duly certified by such register of deeds must be filed in the office of the Secretary. As soon as the certificate above referred to is filed in the office of the Secretary of State the corporate existence commences (secs. 6, 8, 10).

4. **Contents of the Certificate of Organization.** — The certificate must set forth:

a. Name. — The name of the corporation. Similarity of names is not forbidden.

b. Purposes. — As many purposes as may be desired may be inserted, provided they are not covered by special acts.

c. Capital Stock. — The capital stock cannot be less than $1,000.

d. Capital Stock paid in. — No particular amount required by statute.

e. Par Value of Shares. — This may be any amount.

f. Stockholders. — Names and residences of the subscribers to capital stock.

g. Domiciliary Office. — The name of the county where the corporation is located.

Chafee *v.* Bank, 71 Me. 514.

h. Directors. — Number and names of directors. There must be at least three, and all must be stockholders. There are no residential requirements.

i. Clerk. — Name and residence of the clerk. The clerk must be a resident of the State (secs. 3, 7).

5. **Statutory Powers.** — In addition to the enumeration of the common law powers of corporations, the statute grants to corporations a number of additional powers, which may be enumerated as follows: To hold stock and bonds in other corporations, to conduct business in other States and countries, to issue preferred stock, to consolidate with other corporations, to vote by proxy, to forfeit stock for non-payment of assessments, to hold directors' meetings outside of the State, to issue stock for services and property (secs. 16, 17, 37, 38, 46, 51). Corporations are expressly empowered to determine by their by-laws the manner of calling and conducting meetings, the number of members that shall constitute a quorum, the number of votes to be given by shareholders by whom any and all officers, except president and directors, shall be elected, by whom vacancies in the board of directors or other offices may be filled, the tenure of their several offices, the mode of voting by proxy and of selling shares, for neglect to pay assessments, and may enforce such by-laws by penalties not exceeding $20 (Laws of 1907, chap. 154).

Franklin Co. *v.* Bank, 68 Me. 43.

6. **Corporate Indebtedness.** — There is no statutory limitation as to the amount of indebtedness.

7. **Organization Tax.** — The organization tax is $10 for companies having a capital stock of $10,000 or less. Beyond that and up to $500,000 the organization tax is $50, and for each hundred thousand dollars in excess of $500,000, $10 additional (sec. 8).

8. **Filing and Recording Fees.** — Fee to Attorney-General for examining and approving the certificate of organization, $5; fee to register of deeds for recording certificate of organization and making certified copy thereof, usually about $5; fee to Secretary of State for receiving, filing, and recording certified copy of certificate of organization, $5; fee to Secretary of State for certified copy of certificate of organization, $3.

9. **Commencing Business.** — Aside from the right to perfect the organization of the corporation, no business can be transacted until after the certificate of organization is approved by the Attorney-General, recorded in the office of the register of deeds, and a certified copy thereof filed in the office of the Secretary of State (sec. 10). Within twenty days after the acceptance by

the clerk of the corporation of his office, he should file in the office of the register of deeds in the county where the corporation is located, and where it has a place of business or a general agent, a certificate of his election as such clerk (secs. 22, 23).

10. **Organization Meeting.** — Must be held within the State in the absence of any statute authorizing it to be held elsewhere (sec. 7). The first directors' meeting should also be held there (Laws of 1903, chap. 182).

Freeman *v.* Company, 38 Me. 343.

11. **Meetings of Stockholders and Directors.** — All meetings of stockholders must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (secs. 7, 19).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors, each of whom must be a stockholder. There are no residential requirements. They may be classified if desired, and may act through committees (sec. 19).

b. Liabilities. — Directors are liable for the illegal declaration of dividends (sec. 32).

13. **Stockholders' Liabilities.** — Stockholders in ordinary business corporations are liable only for their unpaid stock subscriptions (secs. 84, 95). They are also liable to creditors to the extent of illegal dividends received by them (sec. 32).

Grindle *v.* Stone, 78 Me. 176; 3 Atl. 183.

14. **Stock Certificates.** — Each shareholder is entitled to have a stock certificate issued to him signed by the president or vice-president, and by the cashier, clerk, or treasurer (sec. 34).

15. **Preferred Stock.** — Two or more kinds of stock may be created with such distinctions, preferences, and voting powers as shall be fixed and determined by the by-laws or by vote of the stockholders at a meeting called for that purpose. Any or all of the capital stock may be preferred, and any dividend paid thereon that may be desired (sec. 49).

16. **Payment of Capital Stock.** — A corporation may purchase mines, manufactories, or other property necessary for its business, and the stock of other companies owning mining, manufacturing apparatus, mills, or other property necessary for its business, and issue stock to the amount of the value thereof in payment therefor. May likewise issue stock for services rendered to such corporation, and the stock so issued shall be full-paid stock and not liable to any further call or payment thereon, and in the absence of actual fraud in the transaction the judgment of the directors as to the value of the property purchased or services rendered shall be conclusive (secs. 50, 51).

Libby *v.* Tobey, 82 Me. 397; 19 Atl. 904.

17. **Books.** — The clerk is required to keep at the office of the corporation within the State all corporate records and a stock register which shall be open at all reasonable hours to the inspection of persons interested, who may make extracts therefrom (secs. 19, 21).

18. **Office and Clerk.** — All domestic corporations must have a clerk, and must keep at some fixed place within the State a clerk's office where shall be kept the corporate records and the stock register (secs. 3, 20).

19. **Reports.** — Corporations must file in the office of the Secretary of State annually on or before the 1st day of June a statement signed and sworn

to by the president or treasurer containing the names of the directors, the president, treasurer, and clerk, with the residence of each, the location of its principal office within the State, and the amount of authorized capital stock (sec. 26). Whenever there is a change in the office of clerk of a corporation, the clerk shall, within twenty days after the acceptance of the office, file a certificate of his election in the office of the registry of deeds in the county where the corporation is located, or where it has a place of business or a general agent (sec. 22).

20. **Anti-Trust Statute.** — Combinations for regulating prices are prohibited (secs. 53, 55).

21. **Annual Franchise Tax.** — All domestic business corporations must pay an annual franchise tax of $5 where the authorized capital stock of the corporation does not exceed $50,000; $10 where the same exceeds $50,000 and does not exceed $200,000; $50 where the same exceeds $200,000 and does not exceed $500,000; $75 where the same exceeds $500,000 and does not exceed $1,000,000 and a further sum of $50 a year for each one million dollars or part thereof in excess of $1,000,000 (Laws of 1907, chap. 185).

22. **Statutory Grounds for Forfeiture of Charter.** — Failure to organize within two years from the date when the certificate of organization has been filed with the Secretary of State renders the charter liable to forfeiture; also whenever the annual franchise tax shall have remained in arrears for the period of one year after the same shall have become payable (chap. 1, secs. 28, 29; chap. 8, secs. 21, 22; chap. 47, sec. 31. See Laws of 1907, chap. 109).

23. **Amendments.** — To change the par value of the shares of the capital stock requires a meeting of the stockholders called for that purpose, accompanied by a vote thereat representing a majority of the stock issued in favor of the change. A certificate thereof, signed by the president or clerk, shall be filed in the office of the Secretary of State in the same manner as provided by law for changing any charter or certificate of organization (sec. 36).

To increase the capital stock or change the number of directors the stockholders may, by a vote representing a majority of the stock issued, increase the amount of its capital stock to any amount, and may change the number of directors in like manner. The corporation shall file a certificate thereof with the Secretary of State within ten days thereafter. Thereupon such vote shall take effect (sec. 39).

To decrease the amount of the capital stock the stockholders, at a meeting duly called for that purpose, or at any annual meeting when notice shall have been given of such proposed action in the call therefor, may, by a vote representing a majority of the stock issued, decrease the amount of its capital stock to any amount desired, and the corporation shall give notice of such change to the Secretary of State within ten days thereafter, and each stockholder shall within three months after such meeting surrender such a proportion of his stock as the amount of decrease shall bear to the amount of the capital stock before the decrease, so that each stockholder shall have the same proportion of the whole capital stock of the company as before the decrease (sec. 40). (For certificates of reduction of capital when impaired, see secs. 41–44.)

A corporation at a legal meeting of its stockholders may vote to change its name and adopt a new one; and when the proceedings of such meeting, certified by the clerk thereof, shall be returned to the office of the Secretary of State to be recorded by him, the name shall be deemed changed; and the corporation under its new name has the same rights, powers, and privileges, and is subject

to the same duties, obligations, and liabilities as before, and may be sued and may sue by its new name; but no action brought against it by its former name shall be defeated on that account, and on motion of the other party the new name may be substituted therefor in the action (Laws of 1907, chap. 154).

Any corporation may by a vote representing a majority of the stock issued change its location from one county to another in the State, provided it shall file by its clerk or other officer in the registry of deeds in each of said counties, twenty days after such change of location, the certificate required by sec. 22 of chap. 47 of the Revised Statutes, 1904 (sec. 52).

The law also provides that whenever a corporation shall make a change in its charter or certificate of organization in any manner for the more convenient transaction of its business, it shall forward a notice of such change to the Secretary of State, who shall record the same in a book kept for that purpose (sec. 45).

The purposes of the corporation cannot be changed, apparently, except by special act of the legislature.

24. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence.

25. **Dissolution.** — Corporations may be dissolved upon application to the courts (secs. 77, 83).

26. **Foreign Corporations.** — There are no statutory requirements as to the transaction of business by foreign corporations within the State. No license fee is exacted.

Cousens *v.* Lovejoy, 81 Me. 467; 17 Atl. 495; Childs *v.* Cleaves, 95 Me. 498; 50 Atl. 714.

MARYLAND.

(The references cited below are to Art. XXIII. of the Public General Laws, 1904, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Maryland is found in the Public General Laws, 1904, Art. XXIII. secs. 1–417 inclusive. Under this act corporations may be formed for any purpose designated in twenty-eight classes. Under Laws of 1906, chap. 722, provision was made for the incorporation of co-operative stores or societies, libraries, public reading rooms, medical societies, public hotels, public baths, dairy associations, poultry associations for the purpose of dealing in eggs, increase of poultry, and other things connected with poultry farming and agriculture or horticultural societies, fairs, exhibitions, and companies for the packing of fruits, vegetables, and other things, provided such corporations are located in this State, and the property they possess or acquire is located therein. (See also Laws of 1906, chap. 178, relative to incorporation of mining companies for the transaction of business within the State of Maryland.)

2. **Incorporators.** — Five or more persons, who must be citizens of the United States and a majority of them citizens of Maryland (secs. 14, 50).

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Incorporators' Names. — Names in full and places of residence of the incorporators (sec. 50, sub. 1).

b. Name. — Corporate name, which shall always include the name of the county or city in which it may be formed. Similarity of names not forbidden (sec. 50, sub. 2).

c. Purposes. — The objects or purposes for which the corporation is formed. The statute expressly provides that companies may be incorporated for two or more of the purposes designated in the various classes (secs. 44, 50, sub. 3).

Basshor *v.* Dresel, 24 Md. 503; Fraternal Alliance *v.* State, 77 Md. 547; 26 Atl. 1040; Fraternal Alliance *v.* State, 86 Md. 550; 39 Atl. 512.

d. Duration. — Time of existence not to exceed forty years; provided that the limitations as to the duration of the existence of corporations formed under this article shall not apply to gaslight companies, cemetery companies, or to corporations formed for the creation or maintenance of educational associations, universities, colleges, academies, hospitals, or asylums, and that certificates of incorporation of all corporations named in the proviso may contain provisions for perpetual existence (sec. 50, sub. 3).

e. Proviso for the Regulation of Internal Affairs. — Articles, conditions, and provisions under which the corporation is formed (sec. 50, sub. 3).

f. Domicile. — Places where the operations of the corporation shall be carried on and location of the domiciliary office within the State (sec. 50, sub. 4).

g. Capital Stock. — Amount of capital stock, if any. This is unlimited as to amount (sec. 50, sub. 5). The capital stock of mining companies operating in Maryland is limited to $3,000,000 (sec. 227; Laws of 1906, chap. 178).

h. Shares. — Number and par value of shares. Par value of shares may be any amount (sec. 50, sub. 6).

i. Directors. — Number of directors and names of the board for the first year (sec. 50, sub. 7).

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers, corporations have the following additional powers: To vote by proxy at stockholders' meetings, to forfeit the stock for non-payment of assessments, to consolidate with other corporations, to remove directors, and to hold property within or without the State (secs. 7, 11, 45, 58, 63). As to limitation of powers upon mining companies, see Laws of 1906, chap. 178. Directors may be given power to amend by-laws under certain restrictions (sec. 63).

Booth *et al. v.* Robinson *et al.*, 55 Md. 419.

5. **Procuring the Charter.** — Charters must be executed and acknowledged and then submitted to one of the judges of the judicial circuit within which the principal office of the corporation is to be located (in Baltimore, to one of the judges of the Supreme Bench of Baltimore City). If he approves it, he certifies that fact upon the certificate. The certificate is then recorded in the office of the clerk of the Circuit Court of the county in which the principal office is to be located (in Baltimore in the office of the clerk of the Superior Court of Baltimore City). Upon so recording corporate existence commences.

A certified copy of the charter must be sent to the State Tax Commissioner of the State of Maryland, together with the bonus tax of one-eighth of one per cent on the amount of the capital stock of said company, as prescribed by Art. LXXXI. The corporate existence then commences, but the corporation has no corporate existence until this bonus tax is paid. (See notes under head of "Organization Tax.")

The certificate of the judge is made conclusive evidence that the certificate does conform to law (secs. 23–25, 27, 29–32, 80). If the president and a majority of the directors do not reside in the State, attachment will lie against the corporation as against a foreign corporation (Art. IX. sec. 2).

Bonaparte *v.* B. H., etc. Co., 75 Md. 340; 23 Atl. 784.

6. **Corporate Indebtedness.** — Corporate indebtedness must not exceed total amount of authorized capital stock (sec. 83).

7. **Organization Tax.** — The organization tax is one-eighth of one per cent upon the capital stock authorized (G. L., Art. LXXXI. secs. 98–103).

Roland Park Co. *v.* State, 80 Md. 448; 31 Atl. 298; State *v.* Schultz Co., 83 Md. 58; 34 Atl. 243.

The Maryland taxing statute provides that every company, whether created by special charter or formed under a general law, shall pay to the State upon incorporation a bonus tax of one-eighth of one per cent upon the amount of its capital stock; and it is declared, until such bonus is paid to the State Treasurer, the corporation shall not have or exercise any corporate powers. Cemetery companies, companies created for purely benevolent and charitable purposes, railroad companies, and building and homestead associations are excepted from the provisions of this law.

8. **Filing and Recording Fees.** — Filing fees in local county office, 10 cents per folio; clerk of the courts fees, $5; cost of certified copy of the certificate of incorporation for filing with State Tax Commissioner, $2.

9. **Commencing Business.** — Corporations cannot commence business until a certified copy of the articles is filed with the Tax Commissioner. One-fourth of the capital stock must be paid within one year of the date of incor-

poration, one-fourth in two years, one-fourth in three years, and the remainder in four years (sec. 72). Within thirty days after payment of the last instalment of the capital stock the president and a majority of the directors must file a statement, sworn to by the president, showing the amount of capital stock, amount paid in, all property received in payment of subscriptions, and the extent to which payments have been made in property. This certificate must be filed with the clerk of the court where the original articles were recorded (sec. 73).

10. **Organization Meeting.** — The organization meeting must be held within the State, in the absence of any statute providing otherwise.

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (secs. 6, 7).

Darrin *v.* Hoff (Md.), 58 Atl. 196.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must not be less than four nor more than twelve directors. All must be citizens of the United States, and a majority of them citizens of Maryland. They may be removed by the stockholders (sec. 65). Cumulative voting may be provided for, if desired (sec. 66). Directors may be given power to amend by-laws under certain restrictions (sec. 63).

b. Liabilities. — Directors are liable for illegal payment of dividends and for loans to stockholders. Objecting directors may evade liability by filing their objection in writing before payment of the dividend in the clerk's office in which the certificate of incorporation was filed. The president and a majority of the directors must, within thirty days after the payment of the last instalment of the capital stock, make a certificate stating the amount of capital stock paid in and of all property received in payment of stock subscriptions and the extent to which such payments have been made in property. The certificate must be then signed and sworn to by the president, and must be filed with the clerk of the court in which the certificate of incorporation is recorded (secs. 73, 75–77).

Fisher *v.* Parr, 92 Md. 274; 48 Atl. 621.

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions. They are also liable to creditors to an amount equal to the amount of their stockholdings for all debts contracted in the name of the corporation until the amount of capital stock fixed in the certificate of incorporation has been paid in, and a certificate thereof made and filed as provided by law (secs. 72, 74, 384).

Frank *v.* Morrison, 58 Md. 440.

14. **Stock Certificates.** — Each stockholder is entitled to a certificate signed by such officers as the by-laws may prescribe.

15. **Preferred Stock.** — Preferred stock may be issued either by providing for such issuance in the certificate of incorporation, or by vote of the common stockholders thereafter had (sec. 408). The act provides that six per cent must be guaranteed out of the profits of the business, and that such preferred stock shall have preference over any subsequent mortgage (sec. 409).

Robertson *v.* Parks *et al.*, 76 Md. 118; 24 Atl. 411; Scott *v.* B. & O. Ry. Co., 93 Md. 500; 49 Atl. 327; Heller *v.* Marine Bank, 89 Md. 608; 43 Atl. 800; Rogers, Brown, & Co. *v.* Citizens' Bank, 93 Md. 615; 49 Atl. 843.

16. **Payment of Capital Stock.** — Stock subscriptions may be paid for

in land or other property at a valuation agreed upon between the corporation and the subscribers where the property is such as is suitable for corporate purposes (secs. 69–70; see also sec. 73). One-fourth of the capital stock must be paid within one year of the date of incorporation, one-fourth in two years, one-fourth in three years, and the remainder in four years (sec. 72). Within thirty days after payment of the last instalment of the capital stock the president and a majority of the directors must file a statement, sworn to by the president, showing the amount of capital stock, amount paid in, all property received in payment of subscriptions, and the extent to which payments have been made in property. This certificate must be filed with the clerk of the county where the original certificate was recorded (sec. 73).

17. **Books.** — A book must be kept containing a list of stockholders, showing place of residence and number of shares held by them, time when they became owners of such shares; and such book must be kept open for inspection during business hours by the stockholders (sec. 80; see also sec. 5).

Weihenmayer *v.* Bitner, 88 Md. 325; 42 Atl. 245; Brant *v.* Ehlen, 59 Md. 1; Cahill *v.* Association, 94 Md. 353; 50 Atl. 1044.

18. **Office.** — Must maintain an office in the State (sec. 50).

19. **Reports.** — Stockholders owning five per cent of the capital stock are entitled, upon written request, to have a report in detail of assets and liabilities of the corporation. In January and July the president and treasurer must file statement of affairs in records of the corporation (secs. 5, 79, 81). Within thirty days after payment of the last instalment of the capital stock the president and a majority of the directors must file a statement, sworn to by the president, showing the amount of capital stock, amount paid in, all property received in payment of subscriptions, and the extent to which payments have been made in property. This certificate must be filed with the clerk of the county where the original certificate was recorded (sec. 73).

Every corporation in the State, unless expressly excepted by its charter or by general law, has imposed annually on its capital stock a State tax which is made by a State board. Corporations pay this tax direct, and may collect it of the shareholders. On the second day of each January the president of every corporation shall pay to the State Treasurer this State tax, whether it has earned, during the preceding year, a dividend or not. If there is no capital stock, then the tax is upon the property and assets of the company. Every corporation issuing bonds of indebtedness bearing interest must, on or before July 1, make return of the same to the State Comptroller, and pay to the State Treasurer the State tax thereon. It must also furnish a list of the holders of these bonds to the local tax commissioners (Code, Art. 81, sec. 2).

20. **Anti-Trust Statute.** — There is no anti-trust statute in Maryland. In the Declaration of Rights (sec. 41) it is declared that monopolies are odious, contrary to the spirit of every government and the principles of commerce, and should not be suffered.

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited for failure to pay taxes for a period of two years, or for non-user or misuser of corporate powers (secs. 108, 109).

22. **Amendments.** — The amendment must be made by a vote of the stockholders of the corporation, and must be made, acknowledged, and recorded in the same manner as is provided in the case of original charters. The foregoing is the general provision of law applicable to amendments of charters (sec. 47).

In the case of increase or decrease in capital stock a meeting of the stockholders must be called by the directors publishing a notice signed by at least a majority of them, in a newspaper published in the locality where the principal office of the corporation is located, for at least four successive weeks. This notice must also be sent through the post-office, addressed to each stockholder at his usual place of residence, at least three successive weeks previous to the date fixed for the holding of such meeting. The notice must specify the object of the meeting, the time and place where such meeting shall be held, and the amount to which it is proposed to increase or decrease the capital stock. If at this meeting stockholders shall appear in person or by proxy in number representing not less than two-thirds of all of the shares of the stock of the corporation, and shall vote at least two-thirds of all the shares of stock in favor of such increase or decrease, this is sufficient to effect the amendment desired. Thereafter a certificate of the proceedings showing compliance with the law, the amount of capital actually paid in, and the amount to which the capital stock is to be increased or diminished, must be made and signed by the chairman of the stockholders' meeting, and the certificate must be sworn to by the president and recorded in the office of the clerk of the Superior Court of Baltimore City, if the principal office of such corporation shall be therein located, or in the office of the clerk of the Circuit Court for the county in which the principal office may be located (secs. 74, 78). In no event can the capital stock be reduced to less than the amount of the outstanding debts and liabilities (secs. 83–88).

Where the par value of the stock has been reduced by losses, it is competent for the stockholders in a general meeting assembled to establish the true value of the stock of such corporation, and they may also provide for calling in and cancelling the whole or any part of such stock and issuing other stock instead thereof at such par value as they may decide on so as to represent the amount of the true value so established of the stock of such corporation; and they may also provide for creating and disposing of additional stock so as to make up the entire value of the stock of the corporation, and the amount designated in the certificate of incorporation, or for a greater or less amount as may be decided by the stockholders. Notice of such meeting of stockholders shall be given in the same manner as is prescribed in the case of increase or decrease of capital stock (secs. 79, 80). With respect to other amendments the act provides as follows: If any amendment of the charter of any corporation is desired, it may be made by a majority vote of the stockholders at a meeting duly called for that purpose. This amendment must be embodied in the form of certificate of amendment, and must be approved, made known, acknowledged, and recorded in the same manner as is provided in the case of original charters (sec. 55).

Manufacturing corporations may change or extend their business by taking the same steps and proceedings as are required of all business corporations upon the increase and diminution of their capital stock, and if the assent of two-thirds of the holders of shares of stock shall be obtained to the proposed change, then upon the making out and recording of certificate showing compliance with the said provisions and preliminary steps setting forth the business to which the business of such corporation has been changed or enlarged, then the business which said corporation may carry on thenceforth shall be that to which it has been thus changed or enlarged (sec. 143).

23. **Extension of Corporate Existence.** — (Secs. 108–109.)

24. **Dissolution.** — By the State (Attorney-General), forfeited for abuse, misuse, or non-use of corporate powers; or by vote of stockholders for any reason, by bill in equity in name of the corporation. There can be no dissolution until all State taxes are paid (secs. 367, 376–390).

25. **Annual Franchise Tax.** — None after organization, but one-eighth of one per cent each year, unless the company is organized within two years from date of certificate of incorporation (secs. 108–109). See also section 19, *ante*.

26. **Foreign Corporations.** — Foreign corporations must file with Secretary of State their charter, with fee of $25, and a statement (sworn to by the chief executive officer under corporate seal) setting forth amount of capital stock authorized and issued, assets and liabilities, character of business, principal office in State, and appoint agent to receive process (secs. 137–141).

Crook *v.* Company, 87 Md. 138; 39 Atl. 94; Condon *v.* Association, 89 Md. 99; 42 Atl. 944.

MASSACHUSETTS.

(The references cited below are to the Laws of 1903, chap. 437, commonly known as the "Business Corporation Law.")

1. **Statutes under which Business Corporations may incorporate.** — Under the act that went into effect August 1, 1903, parties may incorporate for any lawful purpose not covered by special act, except to buy and sell real estate. Special acts are provided for banking, trust, surety, safe deposit, insurance, railway, street railway, telegraph, telephone, gas, electric light, heat, power, canal, aqueduct, cemetery, and crematory companies (sec. 70, as amended by Acts of 1906, chap. 286).

2. **Incorporators.** — There must be at least three incorporators. There are no residential requirements (sec. 7).

Walworth *v.* Brackett, 98 Mass. 98.

3. **Articles of Incorporation and Organization.** — The incorporators should first prepare and sign an agreement of association, stating (*a*) that the subscribers thereto associate themselves together with the intention of forming a corporation. The agreement should also set forth (*b*) the corporate name to be assumed, (*c*) the location of the principal office of the corporation in the Commonwealth and elsewhere, if the corporation is organized to do business wholly outside of the Commonwealth. In addition to the foregoing the agreement should also set forth (*d*) the purposes for which the corporation is formed, the nature of the business to be transacted,[1] (*e*) total amount of authorized capital stock of the corporation not to be less than $1,000, par value of the shares not to be less than $5, and the number of shares into which the capital stock is to be divided, and the restrictions if any imposed upon its transfer. If there are more than two classes of stock, a description of the classes and a statement of the terms upon which they are to be created and the method of voting thereon. (*f*) If desired, provisions may be inserted for the conduct and the regulation of the business of the corporation, for its voluntary dissolution, or for limiting or defining or regulating the powers of the corporation or of its directors or stockholders. (*g*) The subscribers by whom the first meeting of the corporation is to be called must be stated, or, in lieu thereof, the notice of said meeting is waived in writing by each of the incorporators. (*h*) There must also appear the names and residences of the incorporators, and the amount of stock subscribed for by each. The meeting should then be held, whereat a chairman and temporary clerk should be chosen. The clerk should be forthwith sworn. After by-laws have been adopted the incorporators must proceed to the election of directors, a treasurer, clerk, and such other officers as the by-laws may prescribe. A majority of the directors must forthwith make, sign, and make oath to the articles of organization (for contents of articles of organization see sec. 4, *post*). The articles of organization and the records of the first meeting of incorporators must be submitted to the commissioner of corporations for examination, and he may require such amendments thereof and such additional information as he may think necessary. If he finds the articles conform to the provisions of the statute, he shall so certify and endorse

[1] The Secretary of State permits the insertion of any number of purposes in the articles of association not covered by special act.

his approval thereon. Thereupon the articles shall, upon payment of the organization tax, be filed for record in the office of the Secretary of State of the Commonwealth, who will issue a certificate of incorporation. The corporate existence commences upon the filing of the articles of organization in the office of the Secretary of the Commonwealth. The certificate of incorporation or a certified copy thereof is conclusive evidence of the existence of the corporation (secs. 8, 9, 10, 11, 12).

Bird *v.* Daggett, 97 Mass. 494.

4. **Contents of the Articles of Organization.** — The articles of organization must set forth: (*a*) A true copy of the agreement of association, and the names of the subscribers thereto. (*b*) The date of the first meeting and all adjournments thereof, if any. (*c*) Amount of capital stock to be issued, the amount thereof to be paid for in cash, by instalments, and the instalment to be paid before the corporation commences business, and the amount thereof to be paid for in property. If such property consists in part of real estate, its location and the amount of stock to be issued therefor shall be stated. If any part of such property is personal, it shall be described in such detail as the commissioner of corporations may require, and the amount of stock to be issued therefor shall be stated. If any part of the capital stock is issued for services or expenses, the nature thereof and the amount of stock which is issued therefor shall be stated. (*d*) The name, residence, and post-office address of each of the officers of the corporation (sec. 11).

5. **Corporate Name.** — The name used shall indicate that it is a corporation as distinguished from a natural person or partnership. It is forbidden to use the name of another domestic corporation or of a foreign corporation, or of any partnership or association carrying on business in the Commonwealth at the time of such organization or within three years prior thereto, or a name so similar thereto as to be liable to be mistaken for it, except with the consent in writing of said corporation, association, or partnership. Courts are given express jurisdiction in equity to enjoin the illegal use of the corporate name (sec. 5).

B. R. Co. *v.* Company, 149 Mass. 436; 21 N. E. 875.

6. **Statutory Powers.** — In addition to the enumeration of common law powers of corporations, the statute grants to corporations a number of extraordinary powers which may be enumerated as follows: To have perpetual succession; to insert in the agreement of association rules for the regulation of the internal affairs of the corporation; to appoint an executive committee from its board of directors, to whom may be delegated the management of the current and ordinary affairs of the corporation. The act expressly forbids a corporation to vote upon any share of its own stock. It authorizes corporations to vote by proxy, to forfeit shares for non-payment of assessments, to issue preferred stock, and to classify directors (secs. 4, 16, 19, 23, 24; Acts of 1903, chap. 423).

Commonwealth *v.* Railway, 142 Mass. 146; 7 N. E. 716; McNeil *v.* Boston Chamber of Commerce, 154 Mass. 277; 28 N. E. 245; S. W. Co. *v.* Lamb, 143 Mass. 420; 9 N. E. 823; French *v.* Company, 145 Mass. 261; 14 N. E. 113; Kelly *v.* Biddle, 180 Mass. 147; 61 N. E. 821; U. W. Co. *v.* Stone, 127 Fed. 587.

7. **Corporate Indebtedness.** — There is no limit to the amount of corporate indebtedness in Massachusetts.

8. **Organization Tax.** — The organization tax is one-twentieth of one per cent (50 cents) on each one thousand dollars of authorized capital stock, except that in no case shall it be less than $25 (Acts of 1907, chap. 396).

9. **Filing and Recording Fees.** — There are no filing or recording fees due the Secretary of State other than the payment of the organization tax. The charge for issuing certified copy of certificate of incorporation is $1. The charge for filing and recording amendments to articles of incorporation is $5, except in the case of increase of capital stock. The charge for filing annual certificate of condition is $5.

10. **Commencing Business.** — Aside from the right to perfect the organization of the corporation, no business can be transacted until the articles of organization have been approved by the commissioner of corporations, the organization tax paid, and the certificate recorded in the office of the Secretary of the Commonwealth (sec. 12). Whenever any change is made in the officers of a domestic corporation, the corporation shall forthwith file in the office of the Commissioner of Corporations, within thirty days after such change has been made, a certificate of such change, signed and sworn to by the president, clerk, and a majority of the directors (Act of April 6, 1907).

Chase Elevator Co. *v.* Company, 152 Mass. 428; 28 N. E. 300; Hawes *v.* Anglo-Saxon Co., 101 Mass. 385; A. M. F. Insurance Co. *v.* Jesser, 87 Mass. 446.

11. **Organization Meeting.** — The various steps necessary to procure the organization of the corporation have already been set forth in sec. 3, *ante*. The organization meeting must take place within the Commonwealth. The statutory officers in Massachusetts are a president, clerk, and treasurer (secs. 9, 10, 20).

Packard *v.* Company, 168 Mass. 92; 46 N. E. 433; Walworth *v.* Brackett, 98 Mass. 98.

12. **Meetings of Stockholders and Directors.** — All meetings of stockholders must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (secs. 20, 25; Laws of 1904, chap. 207). There must be an annual meeting of the stockholders held within ninety days after the end of the fiscal year of the corporation. The time, place, and manner of holding and conducting said meeting shall be fixed by the by-laws (Acts of 1904, chap. 207).

Sargent *v.* Webster, 54 Mass. 497.

13. **Directors' Qualifications, Powers, and Liabilities.** *a. Qualifications.* — There must be at least three directors, each of whom must be a stockholder unless the by-laws otherwise provide. There are no residential requirements. The president of the corporation must be elected annually by and from the board of directors. The other officers are elected by the stockholders. Directors may be divided into classes not exceeding five, if desired (sec. 18). Under the statute the board may elect from its members an executive committee, to whom may be delegated the management of the current and ordinary business of the corporation (secs. 17, 18, 19).

b. Liabilities. — Directors who make oath falsely to articles of organization are jointly and severally liable to any stockholder for actual damages caused by false statements therein and which they knew to be false. Also, for debts and contracts of the corporation where they declare or assent to a dividend when the corporation is or thereby is rendered bankrupt or insolvent, to the extent of such dividend. Also, for debts contracted between the time of making or assenting to a loan to the directors and the time of its repayment, to the extent of such loan unless they voted against such dividend or the paying of such loan (secs. 34, 35). No director can be held liable for its debts or contracts unless the corporation has been duly adjudicated bankrupt or unless a

judgment has been recovered against it and it has neglected for thirty days after demand made upon it to pay the amount due (secs. 14, 36).

Cole *v.* Cassidy, 138 Mass. 437; Felker *v.* Company, 148 Mass. 226; 19 N. E. 220; Wight *v.* Company, 117 Mass. 226.

14. **Stockholders' Liabilities.** — Stockholders are liable for the debts of the corporation in any event to the extent of their unpaid stock subscriptions. The statute also provides that stockholders who vote to reduce the capital stock of the corporation contrary to law shall be liable for the payment of the debts and contracts of the corporation existing at the time of such reduction to the extent of the amount withdrawn. Stockholders are also liable for all moneys due to operatives for services rendered within six months before demand made upon the corporation and its neglect or refusal to make such payment (secs. 33, 36, 39).

Hancock National Bank *v.* Ellis, 166 Mass. 414; 44 N. E. 349; Pettibone *v.* Company, 148 Mass. 411; 19 N. E. 337; Stedman *v.* Eveleth, 47 Mass. 114; Flint *v.* Pierce, 99 Mass. 68.

15. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him, signed by the president and treasurer (sec. 26).

Wyman *v.* Powder Co., 62 Mass. 168; Sibley *v.* Bank, 133 Mass. 515.

16. **Preferred Stock.** — One or more kinds of stock may be created under such terms and conditions as may be provided for in the agreement of association or in an amendment thereto adopted as provided by statute (secs. 27, 40).

Am. Tube Works *v.* Machine Co., 139 Mass. 5; 29 N. E. 63.

17. **Payment of Capital Stock.** — Capital stock may be issued for cash, property, services, or expenses. If it is paid for in instalments, this fact must be set forth upon the certificate. If any stock be issued subsequent to the issue of stock authorized by the articles of association, then a certificate is prepared within thirty days after the date when said stock has been authorized, and is signed and sworn to by the president, treasurer, and a majority of the directors, setting forth: (1) Total amount of capital stock authorized. (2) The amount of stock already issued for cash, payable in instalments, and the amount paid thereon; also the amount of full-paid stock already issued for either property, services, or expenses. (3) A description of said property and the nature of said services or expenses. This certificate must be submitted to the Commissioner of Corporations. If he finds it conforms to the law, he shall so certify and endorse his approval thereon. The certificate must then be filed in the office of the Secretary of the Commonwealth, who upon payment of the proper fee shall cause it and the endorsement thereon to be recorded. The law provides that no stock shall be at any time issued unless the cash or property, services or expenses for which it was authorized to be issued has been actually received or incurred by or conveyed or rendered to the corporation, and the president, treasurer, and directors shall be jointly and severally liable to any stockholder of the corporation for actual damages caused to him by such issue (sec. 14).

18. **Books.** — The clerk is required to keep a record of all proceedings of the stockholders and board of directors. The corporation is required to keep a stock transfer book within the State. These books are open to the inspection of stockholders at all times (sec. 30).

19. **Office and Clerk.** — All corporations must have an office within the State, and must appoint a clerk who is a resident of the Commonwealth (secs. 8, 18).

20. **Reports.** — Every corporation shall annually within thirty days after the date fixed by the by-laws for the annual meeting, or within thirty days

after the final adjournment of such meeting, prepare a report of the condition of the company, signed and sworn to by its president, treasurer, and at least a majority of its directors, stating the name of the corporation; location of its principal office in the Commonwealth or elsewhere in case the corporation is organized to do business wholly outside of the Commonwealth; date of its last preceding annual meeting; total amount of its authorized capital stock; amount due and outstanding and amount then paid thereon; the class, or classes, if any, into which it is divided; the par value and number of its shares; names and addresses of all the directors and officers, and the date on which the term of office of each expires; statement of the assets and liabilities of the corporation as of the date of the end of its last fiscal year. This report must be submitted to the commissioner of corporations for his approval and who shall endorse his approval thereon if in conformity with the law. If the corporation has a capital stock of $100,000 or more, it shall be accompanied by a written statement of the affairs of such corporation. The statement of the auditor of the corporation's books must be filed with the annual report (secs. 45–50, Acts of 1906, chap. 346).

In addition to the foregoing, every corporation shall annually, between the first and tenth of May, make a return to the tax commissioner under oath of its treasurer, stating the name of the corporation and setting forth the following as of the first day of May of the year in which the return is made: the total amount of the capital stock of the corporation, amount issued and outstanding, and the amount then paid thereon; classes into which it is divided; par value of shares; number of its shares, and their market value, as to each class of shares, if there are two or more classes; statement of the real estate, machinery, merchandise, and other assets belonging to the corporation within and without the Commonwealth; a list of the stockholders of the corporation, their residences, the amount and class of stock (if more than one) belonging to each. If stock is pledged, the name and residence of the pledgor and pledgee must be given (secs. 45–50 inclusive). By chap. 222 of Acts of 1905, if by-laws are amended making a change in the date of the annual meeting, the commissioner of corporations must be notified thereof. Whenever any change is made in the officers of a domestic corporation the corporation shall forthwith file in the office of the Commissioner of Corporations, within thirty days after such change has been made, a certificate of such change, signed and sworn to by the president, clerk, and a majority of the directors (act of April 6, 1907).

21. **Anti-Trust Statute.** — There is no anti-trust statute.

22. **Annual Franchise Tax.** — The annual franchise tax is based upon the value of the corporate franchises. This tax upon the value of the corporate franchises, after making certain deductions enumerated in the act, shall necessitate a tax levied at a rate equal to the average rate in all cities and towns in the Commonwealth during the same year, as returned by the assessors of the several cities and towns of the State, upon an amount, less said deductions, not exceeding twenty per cent in excess of the value as found by the tax commissioner, of the real estate, machinery, merchandise, and securities, which, if owned by a natural person, resident of the Commonwealth, would be liable to taxation; and the total amount of taxes to be paid by such corporation in any year upon its property to be taxed in the Commonwealth, and upon the value of its corporate franchises, shall amount to not less than one-tenth of one per cent of the market value of its capital stock at the time such assessment is made by the tax commissioner (secs. 74, 76–87 inclusive). The

tax becomes due and payable on November 1st. (See also Laws of 1904, chaps. 225, 442.)

23. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited for usurpation of franchises or privileges not conferred by law (P. S., chap. 186, sec. 1724). Also for failure to pay annual taxes and make annual statements for two successive years (secs. 49, 78; Acts of 1906, chap. 346).

Russell *v.* M'Lellan, 14 Pick. 63.

24. **Amendments.** — Every corporation may, at a meeting duly called for that purpose, by the vote of a majority of all its stock, or, if two or more classes of stock have been issued, of a majority of each class outstanding and entitled to vote, authorize an increase or reduction of its capital stock and determine the terms and manner of the disposition of such increased stock, may authorize a change of the location of its principal office or place of business in this Commonwealth, or change of the par value of the shares of its capital stock.

It may, at a meeting duly called for the purpose, by the vote of two-thirds of all its stock, or, if two or more classes of stock have been issued, of two-thirds of each class of stock outstanding and entitled to vote, or by a larger vote if the agreement of association so requires, change its corporate name, the nature of its business, the classes of its stock subsequently to be issued and their voting power, or make any other lawful amendment or alteration in its agreement of association or articles of organization, or sell, lease, or exchange all its property and assets, including its good-will and its corporate franchises, upon such terms and conditions as it deems expedient.

Articles of amendment, signed and sworn to by the president, treasurer, and a majority of the directors, shall within thirty days after said meeting be prepared, setting forth such amendment or alteration, and stating that it has been duly adopted by the stockholders. Such articles shall be submitted to the commissioner of corporations, who shall examine them in the same manner as the original articles of organization. If he finds that they conform to the requirements of law, he shall so certify and endorse his approval thereon, and they shall thereupon be filed in the office of the Secretary of the Commonwealth, who, upon payment of the fees hereinafter provided, shall cause them, and the endorsement thereon, to be recorded. No amendment or alteration of the agreement of association or articles of organization shall take effect until said articles of amendment shall have been filed in the office of the Secretary of the Commonwealth as aforesaid.

If an increase in the total amount of the capital stock of any corporation shall have been authorized by a vote of its stockholders in accordance with the provisions of sec. 40, the articles of amendment shall also set forth (1) the total amount of capital stock already authorized; (2) the amount of stock already issued for cash payable by instalments and the amount paid thereon, and the amount of full-paid stock already issued for cash, property, services, or expenses; (3) the amount of additional stock authorized; (4) the amount of such stock to be issued for cash, property, services, or expenses respectively; (5) a description of said property and a statement of the nature of said services or expenses, in the manner required by the provisions of sec. 11 of the act. All corporations, both domestic and foreign, must, whenever any change is made altering the date fixed in the by-laws for the annual meeting, file in the office of the Commissioner of Corporations a certificate of such change, signed and sworn to by the clerk of said corporation (Acts of 1905, chap. 222).

25. **Extension of Corporate Existence.** — There is no express provision for the extension of corporate existence. (See, however, sec. 40.)

26. **Dissolution.** — By a majority vote of all classes of stock entitled to vote, a petition for dissolution, to be addressed to the courts having jurisdiction in the premises, may be authorized (secs. 51–55 inclusive; Acts of 1905, chap. 156).

Stone *v.* Framingham, 109 Mass. 303; Olds *v.* Company, 185 Mass. 500; 70 N. E. 1022.

27. **Foreign Corporations.** — Every foreign corporation which has a usual place of business within the Commonwealth or which is engaged therein permanently or temporarily, and with or without the usual place of business therein, in the construction, erection, alteration, or repair of buildings, bridges, railroads, or structures of any kind, shall, before doing business in this Commonwealth, in writing appoint the Commissioner of Corporations to be its attorney upon whom all lawful process may be served. A copy of the power of attorney and a copy of the vote authorizing its execution, duly certified, must be filed in the office of the State Corporation Commissioner; also a certified copy of its articles of association, together with a true copy of its by-laws, and a certificate in such form as the Commissioner of Corporations may require, setting forth the name of the corporation, location of its principal office, names and addresses of its president, treasurer, clerk, or secretary, and the members of its board of directors, date of its annual meeting for the election of officers, amount of its capital stock authorized and issued, number and par value of its shares and the amount paid in, and if any part of such payment has been made otherwise than in money, the details of such payment. This certificate must be signed and sworn to by the president and treasurer and by a majority of its directors. No foreign corporation can transact any business which is not permitted to domestic corporations by the laws of the Commonwealth (secs. 56–60; Laws of 1905, chap. 242).

Before transacting business within the State foreign corporations must pay $25 for filing copies of the charter, by-laws, and certificate required by the act. All corporations having a usual place of business within the Commonwealth, must within thirty days fixed for its annual meeting last preceding the date of said certificate, or within thirty days after the final adjournment of said meeting but in three months before the date so fixed for said meeting, prepare and file in the office of the Secretary of the Commonwealth, a certificate signed and sworn to by its president, treasurer, and by a majority of its board of directors, showing the amount of its authorized capital stock, its assets and liabilities as of a date not more than thirty days prior to said annual meeting, in such form as is required of domestic corporations under the statutes of the State (Acts of 1905, chap. 233). The charge for filing this annual certificate of condition is $5 (sec. 91). Each year foreign corporations are required to pay an excise tax of one hundredth of one per cent of the par value of its authorized capital stock, as stated in its annual statement of condition, this amount never to exceed $2,000 (sec. 75). (As to special provisions covering corporations engaged in the construction, erection, etc., of buildings, bridges, railroads, or structures of any kind, see Acts of 1905, chaps. 233, 242; Acts of 1906, chap. 346.)

Broadway Nat. Bank *v.* Baker, 176 Mass. 294; 57 N. E. 603; Kennebec Ins. Co. *v.* Augusta Ins. Co., 6 Gray, 204; American Ins. Co. *v.* Owen, 15 Gray, 491; Enterprise Brewing Co. *v.* Grime, 173 Mass. 252; 53 N. E. 855; Hayward *v.* Leeson, 176 Mass. 310; 57 N. E. 656; Bishop *v.* Globe Co., 135 Mass. 132; Johnston *v.* Insurance Co., 132 Mass. 432; Attorney-General *v.* Company (Mass.), 74 N. E. 467.

MICHIGAN.

(The references below are to the Session Laws of 1903, chap. 232, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Michigan is found in the Session Laws of 1903, chap. 232. Special acts are provided for banking, insurance, and railway companies. Under the act referred to above, corporations may be organized for any lawful purpose. Special provision is, however, made for mining corporations. (See Laws of 1903, chaps. 130, 233, 244; Laws of 1905, chaps. 28, 105, 232; Laws of 1905, Act 167.)

2. **Incorporators.** — Three or more persons may incorporate. There are no residential requirements (Laws of 1903, chap. 232, sec. 1).

3. **Contents of the Articles of Association.** — The articles of association should contain:

a. Name. — Similarity of names amongst either domestic or foreign corporations doing business within the State is forbidden (Laws of 1903, chap. 232, sec. 2; Laws of 1907, chap. 146).

People *v.* Company, 111 Mich. 405; 69 N. W. 653.

b. Purposes. — A company may incorporate and carry on manufacturing or mercantile business or any union of the two, or for buying, selling, or breeding live-stock, or for engaging in maritime commerce or navigation; or for purchasing, holding, or dealing in real estate; or for conducting warehouses and storage business, or for erecting and owning buildings, or for the production and supplying of gas and electricity; or for printing, publishing, and bookmaking, or for carrying on any other lawful business except such as is excluded by sec. 36 of the act, but a company cannot combine any two lines of business except manufacturing and mercantile, which is expressly provided for in the act (Laws of 1903, chap. 232, secs. 1, 2).

D. D. Club *v.* Fitzgerald, 109 Mich. 670; 67 N. W. 899; Attorney-General *v.* Lorman, 59 Mich. 157; 26 N. W. 311.

c. Location of Business. — Location of the principal place or places where the corporate operations are to be conducted (Id.).

d. Capital Stock. — The total authorized capital stock, which shall not be less than $1,000 nor more than $25,000,000 (Id.; see also Laws of 1903, chap. 233). The capital stock of oil companies cannot be less than $50,000 nor more than $250,000 (Laws of 1907, Act 167).

e. Number and Par Value of Shares. — The par value of the shares must be either $10 or $100 (Id.). In mining companies the par value must be $25 (Laws of 1903, Act 233). In mining companies the capital stock cannot be less than $10,000 nor more than $10,000,000 (Laws of 1903, Act 233).

f. The Amount of Stock Subscriptions. — This must not be less than fifty per cent of the authorized capital stock (Id.).

g. Preferred Stock. — If preferred stock is desired, this must be provided for in the articles, and an exact statement of the terms upon which the common and preferred stock are created, and the amount of each subscribed and the amount of each paid in (Id.).

h. Capital Stock paid in. — The amount of capital stock paid in at the time of executing the articles, which shall not be less than ten per cent of the author-

ized capital, and not less than $1,000, except where the capitalization is $2,000 or under, when it shall be twenty-five per cent thereof. Under this section the manner of payment of the capital stock is required to be set forth in detail — this to include an itemized description of the property in which the stock payment is made, with the value at which each item is taken, which valuation shall be conclusive in the absence of actual fraud (Id.). There must be made and attached to the articles of association an affidavit by at least three of the organizers of such corporation, that they know the property described in such articles of association and that the same has been actually transferred to such corporation, and that such property is of the actual value therein stated (Laws of 1907, Act 146).

i. Domiciliary Office. — The location of the office in the State of Michigan for the transaction of business (Id.).

j. Duration. — The corporate existence, which shall not exceed thirty years (Id.).

k. Stockholders. — The names of stockholders, residences, and number of shares of stock subscribed for by each must be set forth (Id.).

l. Provisions for the Regulation of Internal Affairs. — The articles of association may contain any provision for the regulation of the business and for the conduct of the affairs of the corporation, and any provision creating, defining, limiting, or regulating the powers of the corporation, the directors, and the stockholders, or any class or classes of stock and stockholders, that may be deemed desirable (sec. 2).

People *ex rel. v.* Company, 111 Mich. 405; 69 N. W. 653.

4. **Statutory Powers.** — In addition to the statutory enumeration of the common law powers of corporations the act gives the following extraordinary powers: The corporation may conduct its business in whole or in part, if it desires, without the State and within the United States or any foreign country (Laws of 1907, Act 51). Also the power to issue capital stock in exchange for real and personal property, with the power to make such capital stock full paid stock and not liable for any further call, and to relieve the holders thereof from any stockholders' liability in the absence of actual fraud in the transaction. To vote by proxy, to forfeit stock for non-payment of assessments, to enforce a lien for non-payment of debts, to cumulate votes in the election of directors, to issue preferred stock (Laws of 1903, chap. 223, 232, secs. 10, 11, 13, 14, 20; see also Laws of 1901, chaps. 176, 183; Laws of 1905, chap. 61; Laws of 1907, chaps. 141 and 162). Mining companies may acquire stock in certain designated corporations (Laws of 1903, chap. 233).

Eakins *v.* Company, 75 Mich. 568; 42 N. W. 982; Shadford *v.* Company, 130 Mich. 300; 89 N. W. 960; White *v.* Rice, 112 Mich. 403; 70 N. W. 1024.

5. **Procuring the Charter.** — The articles of association must be signed and acknowledged by each of the incorporators. It seems to be contemplated by the statute that the corporation shall be organized before the articles are filed in any State or local office (see Organization Meeting, *post*, sec. 10). The statute provides that before any corporation organized to operate in the State shall commence business, the president shall cause the articles of association to be recorded in the office of the Secretary of State and in the office of the county clerk of the county in which its operations are to be carried on. If it is organized to operate outside of the State, the requirement is the same, except that the articles must then be filed in the office of the Secretary of State and in the office of the county clerk of the county in the State where the domiciliary

office is located. The corporate existence, however, commences as soon as articles are subscribed and acknowledged (Id. secs. 2, 9).

Carmody *v.* Powers, 60 Mich. 26; 26 N. W. 801; Whipple *v.* Parker, 29 Mich. 369.

6. **Corporate Indebtedness.** — There is no limit prescribed by statute upon the creation of corporate indebtedness.

7. **Organization Tax.** — One-half of one mill on each dollar of authorized capital stock, that is, 50 cents on each thousand dollars, with a minimum fee of $5 (Laws of 1891, chap. 2; Laws of 1893, chap. 79; C. L. of 1897, sec. 8574).

Michigan Fem. Sem. *v.* Sec. of State, 115 Mich. 118; 73 N. W. 131.

8. **Filing and Recording Fees.** — The Secretary of State charges a filing fee of 50 cents or a recording fee of 20 cents per folio of one hundred words, or both, according as the act under which the corporation is incorporated may provide. The Secretary of State does not issue a certificate of incorporation. His charge for issuing a certified copy of articles of incorporation is 20 cents per folio of one hundred words. For filing and recording amendments the charge is 50 cents for filing, and 20 cents per folio of one hundred words for recording. For filing annual reports, 50 cents each. The filing fee in local county offices is usually 50 cents, and the recording fees vary from 10 to 20 cents per folio of one hundred words.

9. **Commencing Business.** — Corporations may commence business as soon as the articles of association are filed and recorded in the office of the Secretary of State, and — in the case of corporations formed to carry on its business within the State — in the office of the clerk of the county in which its corporate business is to be carried on, or — in the case of non-resident corporations — in the office of the county clerk of the county where the domiciliary office is located (Id. sec. 9). In the case of manufacturing, commercial companies, etc., before commencing business, at least ten per cent of the capital must be paid in and fifty per cent subscribed (Laws of 1903, chap. 232, sec. 2).

C. V. & P. Co. *v.* Secretary of State, 8 Detroit Leg. News, 795; Whitney *v.* Wyman, 101 U. S. 392.

10. **Organization Meeting.** — Any two of the stockholders named in the articles of association may call a meeting of the stockholders for the purpose of organization, by publishing notice thereof in the manner required by statute. This notice may be waived in writing by all the stockholders specifying the time for the organization meeting. The organization meeting should be held within the State in order to avoid any possible question as to the legality thereof (Id. sec. 3).

11. **Meetings of Stockholders and Directors.** — The statute specifically provides that corporations may establish an office or offices for the transaction of business without the State and within the United States, and to hold any meetings of the stockholders and directors thereat. The place must be chosen by a vote of a majority of the stockholders at a meeting duly called for that purpose, and after being fixed cannot be changed within one year, and must be certified by the directors of the corporation to the Secretary of State within two months from the time such office is located (Id. sec. 20). Cumulative voting in the election of directors is permitted (Laws of 1905, chap. 61).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors who shall be stockholders. In mining companies the maximum number of directors is nine (Laws of 1903, chap. 233). There are no residential requirements (Id. sec. 4). Cumulative voting is provided for (Laws of 1903, chap. 224; Laws of 1905, chap. 61; Laws of 1907, Act 141).

Anderson Carriage Co. *v.* Pungs, 127 Mich. 534; 86 N. W. 1040.

b. Liabilities. — The directors are liable to creditors for failure to make annual reports as provided by law; for declaration of dividends when the company is insolvent, or when the payment of the same would render it insolvent; and are jointly and severally liable to the extent of three times the amount paid on the stock outstanding in their name for violation of any provision of the Business Corporation Act (Id. secs. 12, 22, 23).

Bank *v.* Pierson, 112 Mich. 410; 70 N. W. 901; M. I. W. C. & S. Co. *v.* Mosher, 114 Mich. 64; 72 N. W. 117; Keeney *v.* Converse, 99 Mich. 316; 58 N. W. 325; Gennert *v.* Ives, 102 Mich. 547; 61 N. W. 9; Silberman *v.* Munroe, 104 Mich. 352; 62 N. W. 555.

13. **Stockholders' Liabilities.** —If the capital stock of a corporation is withdrawn before the payment of the corporate debts for which such stock would have been liable, the stockholders are jointly and severally liable to any creditor to the amount that has been withdrawn. Stockholders are individually liable for all labor performed for the corporation. They are also liable to the amount of their unpaid stock subscriptions (Cons., Art. XV. sec. 7, Public Acts of 1903, Act 232, secs. 21, 24, 28, 29, 35). Incorporators are liable for false statements as to the amount of capital stock paid in.

A. M. & G. B. Co. *v.* Bulkley, 107 Mich. 447; 65 N. W. 291; Graves *v.* Brooks, 117 Mich. 424; 75 N. W. 932; A. S. & W Co. *v.* Eddy, 130 Mich. 266; 89 N. W. 952; McBryan *v.* Company, 130 Mich. 111; 89 N. W. 683; P. S. Bank *v.* Company, 105 Mich. 535; 63 N. W. 514; Ten Eyck *v.* Company, 114 Mich. 494; 72 N. W. 362; Kamp *v.* Wintermute, 107 Mich. 447, 635; 65 N. W. 570; A. M., etc. Co. *v.* Bulkley, 107 Mich. 447; 65 N. W. 291; Musselman *v.* Wright, 107 Mich. 639; 65 N. W. 569; Voight *v.* Dregge, 97 Mich. 322; 56 N. W. 557.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by such officers as the by-laws may prescribe. The par value of shares may be either $10 or $100, except in the case of mining companies, where it must be $25 (Laws of 1903, Act 232; Laws of 1907, Act 167).

15. **Preferred Stock.** — The corporation may provide in its articles of association or by amendment thereto, by a three-fourths vote of the stock, for the issuance of preferred stock, not to exceed two-thirds of the capital stock paid in, which shall be subject to redemption at par at a certain time to be fixed by the by-laws of the corporation and to be expressed in the certificate therefor. The holders of preferred stock shall be entitled to a dividend payable quarterly, half yearly, or yearly, same to be cumulative, and not to exceed eight per cent per annum. Preferred stockholders are not liable for the debts of the corporation excepting debts for labor. Preferred stockholders shall have voting power except when otherwise provided in the articles of association or amendments thereto. The right to vote is also given under certain other conditions (Id. sec. 35).

16. **Payment of Capital Stock.** — The statutes of Michigan are peculiar with respect to the manner of the payment of capital stock. Only such property may be taken in payment for capital stock as the purposes of the corporation may require, and only such property as can be sold and transferred by the corporation and as shall be subject to levy or sale on execution or other process issued out of any court having competent jurisdiction for the satisfaction of any judgment or decree against such corporation (Laws of 1907, Act 146). A recent amendment of the act requires that there shall be made and attached to the articles of association an affidavit by at least three of the organizers of such corporation, that they know the property described in said articles of association, and that the same has been actually transferred to such corporation and that such property has the actual value therein stated (Laws of 1907,

Act 146). All stock must be issued and paid for at par (Laws of 1907, Acts 51, 146).

Graves *v.* Brooks, 117 Mich. 424.

17. **Books.** — Books containing accounts of the company must be kept at the office of the treasurer of the corporation within the State for the inspection of stockholders (sec. 15). Corporations having their principal place of business within the State are required to keep their stock transfer book at such office.

18. **Office and Agent.** — Every corporation must maintain an office within the State and an agent to receive process. Such office cannot be changed within one year after incorporation (Laws of 1903, chap. 232, sec. 2).

19. **Reports.** — Corporations must annually in the month of January or February make duplicate reports showing the condition of such corporation on the 31st day of December next preceding, or, if the fiscal year of any corporation shall close within ninety days preceding said 31st day of December, the report may be as at the close of said fiscal year, provided flour-milling corporations shall make and deposit reports in the month of July for the year ending June 30th preceding, such report to state the amount of common and preferred capital stock authorized, and the amount thereof subscribed for and the amount thereof actually paid for in cash, and the amount thereof paid for in property, the total value as near as may be estimated of all property owned by the corporation, the value of the different items or classes of property as follows: real estate used in the business, real estate not used in the business, goods, chattels, merchandise, material and other similar tangible property; patent rights, copyrights, trade-marks, and formulæ, good-will, and other property specifying the kind; value of all credits owing to the corporation; the amount of debts of the corporation; the name and post-office address of each stockholder and the number of shares of preferred and common stock held by him at the date of such report, the name and post-office address of each officer and director of the corporation. Such reports must be signed by a majority of the board of directors and verified by the oath of the secretary of the corporation and deposited in the office of the Secretary of State within the said month of January or February, or within sixty days after the close of such fiscal year, accompanied by a filing fee of 50 cents. The Secretary of State, after filing one of the reports in his office, is required to forward the other to the county clerk of the county in which the principal place of business of the corporation is situated, said county clerk to file the same in his office. Upon failure to file the report within the time specified, if continued in default until February 10th, the corporate powers shall be suspended thereafter until it shall have filed such report. During the default directors are made liable for the debts of the corporation contracted since the filing of the last report of said corporation (Laws of 1905, chap. 194; Laws of 1907, Act 137).

20. **Anti-Trust Statute.** — Under the Act of March 3, 1899, all trusts or combinations intended to prevent free competition in business are prohibited (Stat., secs. 9354 j–9354 p; Laws of 1899, chap. 255; Laws of 1905, chap. 329).

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited for entering illegal trusts or combines, for attempting to act as a corporation when not legally incorporated, or for misuser or non-user (Stat., secs. 8618, 8657, 9354 m). Also for failure to file annual reports for ten days after February 1st corporate powers are suspended (sec. 12; Laws of 1905, Act 194). Failure to keep stock and transfer books at principal office in the

State is also ground for forfeiture (C. L. sec. 8567; see also C. L. 9950; Laws of 1899, Act 255; Laws of 1905, Acts 229, 329).

22. **Amendments.** — The capital stock may be increased or decreased at any annual meeting of the stockholders or at any special meeting thereof called for that purpose by a vote of two-thirds of the capital stock of the corporation. In voting upon the increase of the capital stock the stockholders shall have power, by the same statutory majority, to fix the value thereof, and the price at which the increase of the capital stock shall be subscribed and paid for by the stockholders, as well as the time and manner of the subscription and payment, and by the same vote to authorize the directors of the corporation to sell, at not less than the price so fixed, any part of such increase not subscribed by the stockholders after they have had a reasonable opportunity to make subscription of their proportionate shares thereof; and to make provision for calling in and cancelling the old and issuing new certificates of stock; but nothing herein contained shall in any way operate to discharge any company, which may diminish its capital stock, from any obligation or demand that may be due from said company. When a corporation shall so increase or diminish its capital stock, the president and a majority of the directors shall make a certificate thereof, which shall be signed by them and recorded and returned as provided herein for recording and returning the original articles of incorporation, and such increase or diminution shall commence and be operative from the date when such certificate is recorded in the office of the Secretary of State. Provided, that in order to entitle such certificate to be recorded it must show that at least fifty per cent of the total authorized stock, after such increase, has been subscribed, and that at least ten per cent of the total authorized capital stock has been actually paid in (sec. 3; Laws of 1907, chap. 146).

The articles of association may be amended in any other respect desired at any annual meeting or at any special meeting of the stockholders duly called for that purpose by a resolution adopted by a vote of two-thirds in interest of its capital stock. Such amendment shall not become operative until a copy of such resolution, signed by the president and secretary of the corporation, shall have been recorded as is provided herein for the recording of original articles of association (sec. 17).

Any corporation organized or existing under the provisions of this act may remove its place of business from any city, village, or town in this State, where it is or may be located, to any other city, village, or town in this State, by a vote of two-thirds of its stockholders in interest. But in case of a removal from one county to another, the president and secretary of such corporation shall attach to their articles of association a certificate that such corporation has thus removed, and said articles of association, together with said certificate, shall be left for record immediately on such removal, in the office of the county clerk of the county to which such corporation shall remove, and they shall be recorded by such clerk at full length in the book kept by him for that purpose. And the president and secretary of such corporation shall, immediately upon such removal, cause a certificate thereof to be recorded in the office of the county clerk of the county from which it removes (sec. 18).

Detroit Cham. of Com. *v.* Sec. of State, 109 Mich. 691; 67 N. W. 897; People *v.* Green, 116 Mich. 505; 74 N. W. 714.

23. **Extension of Corporate Existence.** — At any meeting called for that purpose to be held within one year immediately preceding the date of the termination of the corporate existence as fixed by the articles of association,

the corporation may by a vote of two-thirds of its capital stock direct the continuance of the corporate existence for a further term not exceeding thirty years. After the adoption of this resolution, the president and secretary of the stockholders' meeting shall make, sign, and acknowledge duplicate articles of association as in the case of a new corporation, to which shall be appended a copy of such resolution certified and verified by the oath of the secretary, which shall be filed and recorded as in the case of a new corporation (Id. sec. 33; as amended by Laws of 1905, chap. 328; Cons., Art. XV. sec. 107).

24. **Annual Franchise Tax.** — There is no annual franchise tax in force in Michigan.

25. **Dissolution.** — Corporations may be dissolved only upon application to the courts (Stat., sec. 4161 b, 4161 d 7–4164 inclusive, 8174, 8211 a; Laws of 1905, chaps. 10, 96).

26. **Foreign Corporations.** — Foreign corporations must file a certified copy of their articles with the Secretary of State and evidence of appointment of agent to receive process. Must pay franchise fee of one-half of one mill on each dollar of the proportion of its authorized capital stock represented by its business in Michigan to the Secretary of State, but which fee shall never be less than $25 (Laws of 1901, chap. 206, as amended by Laws of 1907, chap. 310). It must also pay the prescribed filing and recording fees in addition to the franchise tax (Laws of 1907, Act 310). Every foreign corporation by its president, secretary, treasurer, and superintendent, or any two of them, shall make and file with the Secretary of State a statement duly sworn to by at least two of such officers in such form as the Secretary of State shall prescribe, containing the following facts: (1) Location of its principal place or places of business and the names and addresses of its principal officers. (2) The location of its principal office and the principal place of business in Michigan, and the name and addresses of the officers or agent of the company in charge of its business in Michigan. (3) Total value of the property owned and used by the company in its business, giving its location, general character, and stating separately the value of its tangible property, of its cash credits, its franchises, patents, trade-marks, formulæ, good-will. (4) Value of the property owned and used in Michigan and where situated. (5) The total amount of business transacted during the year and the amount of business, if any, transacted in Michigan. (6) Such other facts bearing on the matter as the Secretary of State may require, including a statement of the particular purpose or the particular kind of business for which the company desires admission to this State (Laws of 1907, Act 310). Foreign corporations must file the same annual report as is required of domestic corporations (Laws of 1907, Act 137).

People *v.* Hawkins, 106 Mich. 479; 64 N. W. 736; Rough *v.* Breitung, 117 Mich. 48; 75 N. W. 147; Wilcox Cordage Co. *v.* Mosher, 114 Mich. 64; 72 N. W. 117; Holder *v.* Company, 169 U. S. 81; M. P. Co. *v.* Wilkinson, 105 Mich. 57; 62 N. W. 1119; W. S. Co. *v.* Sec. of State, 115 Mich. 234; 73 N. W. 107; Seamans *v.* Company, 105 Mich. 400; 63 N. W. 408.

MINNESOTA.

(The references cited below are to the Revised Laws of Minnesota for 1905, unless otherwise stated.)

1. **Statute under which Business Corporations may incorporate.** — The Business Corporation Act of Minnesota is found in the Revised Laws of that State (1905), chap. 58, secs. 2838–2890, 3068–3071, 3169–3190 inclusive. Special acts are provided for public service corporations (secs. 2841–2843, 2391–2934), cemetery associations (secs. 2935–2966); banking (secs. 2969–2982), savings banks, trust companies, local building and loan associations, and general building and loan associations (secs. 3009–3067), mortgage loan companies, co-operative associations, agricultural associations, chambers of commerce, insurance and eleemosynary corporations (see secs. 3072–3168 inclusive. If the incorporators wish to avoid the double stockholders' liability incident to the holding of stock in ordinary business corporations they may do so by organizing a corporation under secs. 3068–3071 for the purpose of carrying on an exclusively manufacturing or mechanical business.

2. **Incorporators.** — Any number of persons not less than three may form a corporation. There are no residential requirements (sec. 2849).

State *v.* Critchett, 57 Minn. 13; 32 N. W. 787.

3. **Contents of the Certificate of Incorporation.** — The certificate must specify (sec. 2849).

a. Corporate Name. — Such name must distinguish it from all other corporations, domestic or foreign, authorized to do business in the State, and shall end with the word "company," "corporation," "bank," or "association," or the word "incorporated" (Laws of 1907, chap. 468).

b. General Nature of the Business to be transacted. — The Secretary of State permits the insertion of any number of purposes in the articles, providing the same do not come within the purview of the special acts (secs. 2844–2848 inclusive).

c. Principal Place of Business. — The location of the principal place for the transaction of the corporate business must be set forth.

d. Duration. — The period of its duration is limited. The duration cannot exceed thirty years (sec. 2856).

e. Incorporators. — The names and places of residence of the incorporators (sec. 2849).

f. Directors. — The certificate must set forth in what board the corporation's management shall be vested, together with the date of the annual meeting at which they shall be elected and the names and addresses of those composing the board until the first election. If desired there may also be inserted the names of the corporate officers who are to act until the first annual meeting. If desired, the corporation may provide in its certificate of incorporation for classifying its directors in respect to the times for which they shall hold office, the several classes to be elected for different terms, provided that no class shall be elected for a term of less than one nor more than five years, and that the term of office of at least one class shall expire each year (sec. 2869). The certificate of incorporation may also provide that at all elections of directors each

stockholder shall be entitled to as many votes as shall equal the number of shares of stock multiplied by the number of directors to be elected, and that he may cast all of such votes for a single director or may distribute them among the number to be voted for as he may see fit (sec. 2862).

g. Capital Stock. — The amount of capital stock and how the same is to be paid in. The authorized capital can never be less than $10,000. The number of shares into which the stock is to be divided and the par value of each share must be stated. The par value cannot be less than $1 nor more than $100. If there is to be more than one kind of stock issued, a description thereof must be inserted, together with the terms of issue of each class of stock and the method of voting thereon (secs. 2868, 2878). In the case of corporations formed to carry on a manufacturing or mechanical business the shares cannot be less than $10 nor more than $100 (sec. 3068).

State *v.* Company, 40 Minn. 213; 41 N. W. 1020.

h. Corporate Indebtedness. — The highest amount of indebtedness or liability to which the corporation shall at any time be subject (sec. 2849).

State *v.* Company, 40 Minn. 213; 41 N. W. 1020.

i. The certificate may contain any other lawful provision that may be desired, defining or limiting the powers or business of the corporation, its officers, directors, and stockholders (sec. 2849).

4. **Statutory Powers.** — In addition to a statutory enumeration of the common law powers of corporations, the act gives the following extraordinary powers: To issue preferred stock (secs. 2853, 2878). In the case of corporations organized for the purpose of carrying on a manufacturing, mechanical, or mining business, or for buying, working and dealing and selling mineral lands, power is given to such corporations to hold stock in other corporations if a majority of the stockholders shall so elect (sec. 2853). To renew corporate existence (secs. 2856, 2857). To vote by proxy (sec. 2861). To cumulate votes in the election of directors (sec. 2862). To enforce a lien upon the stock of its members for all debts due from them to the corporation, as well as to forfeit stock for non-payment of assessments (sec. 2863). To hold such real and personal property as shall be necessary for the business of the corporation (sec. 2852). To classify directors (sec. 2860). Express power is conferred upon the directors of mining and manufacturing corporations to meet without the State, and the corporation is empowered to establish offices without the State for the transaction of its business (secs. 2870, 3071; see also secs. 3237, 3238; Laws of 1907, chap. 439).

Blien *v.* Rand, 77 Minn. 110; 79 N. W. 606; N. T. E. Co. *v.* Company, 76 Minn. 334; 79 N. W. 315; Sullivan *v.* Murphy, 23 Minn. 6; Auerbach *v.* LeSueur, Mill Co. 28 Minn. 291.

5. **Procuring the Charter.** — The certificate of incorporation must be signed and acknowledged by each of the incorporators. After execution and acknowledgment of the certificate by incorporators the same must be filed for record with the Secretary of State, who, if he finds that it conforms to law and that the required fee for incorporation has been paid, shall record the same and certify that fact thereon. Thereafter such certificate shall be filed for record with the register of deeds of the county where the principal business office of the corporation as specified in the certificate of incorporation is located. Certificates of incorporation must also be published in full in a qualified newspaper in the county wherein the principal place of business of the corporation is located as specified in the certificate. Such publication must be made for two

successive days in a daily newspaper or for two successive weeks in a weekly newspaper. As soon as the publication is completed sworn proof thereof must be filed with the Secretary of State. When this is done the corporate organization is by statute held to be completed. Before the certificate of incorporation can be filed for record in the office of the Secretary of State, the organization tax must be paid to the State Treasurer. The latter officer issues a receipt in duplicate showing the payment of the organization tax. One of these duplicate receipts must be filed with the certificate of incorporation in the office of the Secretary of State. No organization tax need be paid by corporations formed to operate solely in the raising or improving live-stock, or for the cultivation or improvement of farms, gardens, or agricultural lands, growing beets or for canning fruits or vegetables, or by any telephone company connecting towns or villages of less than 2,000 inhabitants (sec. 2873, as amended by Laws of 1907, chap. 329). Upon observing the formalities already described, the Secretary of State issues a certificate of incorporation specifying the names of the incorporators, the nature and purpose of the corporation, the amount of its capital stock, the fact of its compliance with all prescribed statutory provisions, and that it is duly organized and exists as a corporation in the name and of the kind specified (secs. 2850, 2851, 2873, 2874).

Finnegan *v.* Noeremberg, 52 Minn. 239; 53 N. W. 1150; Trustee *v.* Froslee, 37 Minn. 447; Christian *v.* Bowman, 49 Minn. 99; House *v.* Manheimer, 67 Minn. 174; Richards *v.* Minn. Sav. Bank, 75 Minn. 196.

6. **Corporate Indebtedness.** — There is no limit upon the creation of corporate indebtedness save as to certain classes of corporations: to wit, those empowered to take private property for public use.

7. **Organization Tax.** — Fifty dollars for the first $50,000 or fraction thereof of capital stock, and $5 for each additional $10,000 or fractional part thereof. But corporations raising or improving live-stock or formed for the cultivation or improvement of farms, gardens, or agricultural lands, growing beets, canning fruits or vegetables, or any telephone company connecting towns and villages of less than 2,000 inhabitants are not required to pay any organization tax (sec. 2873; Laws of 1907, chap. 329).

8. **Filing and Recording Fees.** — The filing fees in the office of the Secretary of State is 15 cents per folio. For issuing certificate of incorporation, $1. The cost of certified copy of certificate of incorporation is 15 cents per folio. For attaching certificate thereto, 50 cents. Filing affidavits of proof of publication, free. Filing and recording fees in local county offices averages about $3. If the certificates are short this charge may be substantially reduced. Cost of publishing articles, about $15. Usually a discount of 50 per cent of this amount can be obtained by attorneys.

9. **Commencing Business.** — Corporations may commence business as soon as the articles of incorporation are filed and recorded in the office of the Secretary of State and in the office of the register of deeds of the county where the principal place of business is located, and as soon as the articles are published as required by law, and an affidavit of proof thereof filed in the office of the Secretary of State (secs. 2851, 2874).

10. **Organization Meeting.** — Unless the certificate of incorporation otherwise provides, the first meeting of every corporation shall be called upon not less than three weeks prior personal notice signed by one of the incorporators to the others, and to each subscriber of the capital stock, specifying the time, place, and purpose thereof (secs. 2875, 3071).

11. **Meetings of Stockholders and Directors.** — Unless otherwise provided in the certificate of incorporation or corporate by-laws, every annual meeting shall be called and held at the principal place of business upon three weeks published notice thereof signed by the secretary of the corporation (secs. 2875, 2876, 2877, 3071).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors, each of whom must be a stockholder. A majority of the directors shall constitute a quorum for the transaction of business (sec. 2858). There are no residential requirements. The statute provides that the president of every domestic corporation shall be a director. Directors may be classified with respect to the time for which they shall severally hold office. The several classes to be elected for different terms, provided that no class shall be elected for a term of not less than one or more than five years and that the term of office of at least one class shall expire each year (sec. 2860). Unless otherwise provided in the certificate or by-laws, each stockholder shall be entitled to one vote in person or by proxy for each share held by him. No stock can be voted at any election within twenty days after its transfer on the books of the corporation (sec. 2861). If the certificate of incorporation so provides the right of cumulating votes for directors may be exercised by the stockholders (sec. 2862).

b. Liabilities. — The Act provides that every officer who knowingly and wilfully subscribes or makes any false statement, false report, or false entry in or upon any of the books, papers, or documents of a corporation, or shall knowingly and wilfully subscribe or exhibit any false payment book or document with intent to deceive any person or officer authorized to examine the financial condition of such corporation, or shall knowingly or wilfully subscribe or make any false report whatsoever, shall be guilty of a felony and be punishable by imprisonment in the State prison for not less than one nor more than ten years (sec. 2865, 2869, 2884, 2885, 3069, 3071, 3171; see also secs. 5116–5120).

In the case of corporations formed to carry on an exclusively manufacturing or mechanical business a constitutional directors' liability is imposed. The act provides that if the directors shall pay a dividend when such corporation is insolvent, knowing such corporation to be insolvent, or that such dividend would render it so, or when its payment would render it insolvent, those assenting thereto shall be jointly and severally liable in an action on the statute for all debts due from such corporation at the time of any such dividend. Every officer who shall neglect or refuse to perform any duty imposed upon him by law shall be liable for all corporate debts contracted during the period of such neglect. If the corporation shall violate any provision of law whereby it becomes insolvent the directors ordering or assenting to such violation shall be liable in an action under the statute for all debts contracted after such violation (sec. 3069).

13. **Stockholders' Liabilities.** — Stockholders in all classes of corporations are liable in any event to the amount of stock subscribed by them and unpaid (sec. 2865). Stockholders of all ordinary business corporations that may be organized under the General Act, except those organized to carry on exclusively a manufacturing or mechanical business, are liable to the amount of stock held or owned by them. This is a constitutional liability not requiring any statute to put it into effect, the Supreme Court having held it to be self-executing. Stockholders in corporations organized to carry on an exclusively manufacturing business or a mechanical business are only liable to the amount of their unpaid stock subscriptions (Cons., Art. X.; secs. 3, 2865). Stock-

holders are liable for failure on the part of the corporation to comply substantially with the provisions as to organization and publicity. They are also liable for personally violating any of said provisions in the transaction of any corporate business, as officer, director, or member, and for fraudulent or dishonest conduct in the discharge of their official duty (sec. 2865). Stockholders in manufacturing or mechanical corporations are also liable to the extent of capital illegally withdrawn from the corporation and received by them (sec. 3069).

Wallace *v.* Company, 70 Minn. 321; 73 N. W. 189; Frost *v.* Company, 57 Minn. 325; 59 N. W. 308; P. F. Co. *v.* Company, 64 Minn. 386; 67 N. W. 217; Farnsworth *v.* Robbins, 36 Minn. 369; 31 N. W. 349; S. M. Co. *v.* Company, 81 Minn. 294; 84 N. W. 109.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by the president or vice-president and by the secretary under the corporate seal (secs. 2861, 2879). The par value of the shares may be any amount not less than $1 nor more than $100 (secs. 2849, 2868.) Under sec. 2830 the par value of shares of mining and manufacturing companies is fixed at not less than $10 and not more than $100 each (see also sec. 3068).

15. **Preferred Stock.** — Corporations having capital stock divided into classes, unless specifically authorized, shall not issue any shares for a less amount to be actually paid in on each share than the par value of the shares as issued; provided that railroad, navigation, and manufacturing corporations and corporations for buying, holding, improving, selling, and dealing in lands, tenements, hereditaments, real, mixed, and personal property, created or organized under this chapter, or under any charter or special act of incorporation heretofore passed, shall have power to create, issue, and dispose of such amount of special, preferred, or full paid stock of the capital stock of such corporation, as may be deemed advisable by the board of directors of such corporation. Provided, that any corporation may by its articles of incorporation, or by any amended articles of its articles of incorporation, provide for special, preferred, and common stock of the capital stock of such corporation; and any corporation heretofore or hereafter organized, without changing its articles of incorporation, may issue its capital stock as a part special and a part preferred and a part common, or a part common and a part special or preferred, by direction of its board of directors, when so authorized by a majority of its stockholders at its annual meeting, or at a meeting called for that purpose; and said board of directors when so authorized by said meeting of said stockholders may give such preferences as it may deem best to such special or preferred stock, or such special and preferred stock (sec. 2878).

16. **Payment of Capital Stock.** — Stock is payable in money or money's worth. Stock cannot be issued for a less amount to be actually paid in on each share than the par value of the shares so issued (sec. 2853). The foregoing provision does not apply to such corporations as are specially authorized to issue and dispose of special, preferred, or full paid stock in such amounts as may be deemed advisable by their board of directors (sec. 2878).

17. **Books.** — Books of account shall be kept, and shall at all reasonable times be open to inspection, in the county where such corporation is located or at the office of the treasurer within the State (secs. 2864, 2869). A copy of the by-laws of every corporation, together with the names of its officers and a statement of the capital stock actually in good faith subscribed for the amount and character of payments actually paid thereof, must be kept posted by the corporation at its principal place of business.

18. **Office and Agent.** — Every corporation must maintain an office within the State, and must at all times have an agent within the State upon whom process may be served (secs. 2870, 3071).

19. **Reports.** — The only report required of any domestic corporation is that relating to taxation. The president, secretary, or principal accounting officer of any corporation shall make out and deliver to the assessor of the county wherein such corporation has personal property a sworn statement of the amount of its capital stock, setting forth particularly (1) the name and location of the company or association; (2) the amount of capital stock authorized and the number of shares into which it is divided; (3) the amount of capital stock paid up; (4) the market value, or if they have no market value, then the actual value of the shares of stock; (5) the value of its real property, if any; (6) the value of its personal property; (7) the total amount of all indebtedness except the indebtedness for current expenses, excluding from such expenses the amount paid for the purchase or improvement of property (sec. 838).

20. **Anti-Trust Statute.** — Under the Act of April 10, 1901, all pools, trusts, and conspiracies for certain unlawful purposes are declared illegal (secs. 2098, 5168).

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited for violation of law, for misuser and non-user of corporate powers (sec. 58). It may also be forfeited if the charter was procured on some fraudulent suggestion, or the concealment of material facts by the persons incorporating, or some of them, or with their knowledge and consent (secs. 3170, 3174). The charter may be forfeited also if it remains insolvent for one year, or for one year refuses to discharge its debts, or for one year suspends its lawful business (sec. 3174); also for violation of Anti-Trust Acts (secs. 5168, 5169).

M. C. R. Co. *v.* Melvin, 21 Minn. 339.

22. **Amendments.** — The certificate of incorporation may be amended in respect to amount of stock or any other matter which the original certificate of a corporation of the same kind might lawfully have contained, by the adoption of a resolution specifying the proposed amendment at a regular or at a special meeting called for that expressly stated purpose in either of the following ways: (1) By a majority vote of all of its shares, if a stock corporation, or if not (2) by a majority vote of its members; or in either case (3) by a majority vote of its entire board of directors, trustees, or other managers, within one year after having been thereto duly authorized by specific resolution duly adopted at said meeting of stockholders or members, and by causing such resolution to be expressed in a certificate duly executed by its president, secretary, or other presiding regular officers under its corporate seal, and approved, filed, recorded, and published in the manner prescribed for the execution, approval, filing, recording, and publishing of a like original certificate (sec. 2871).

Any corporation may, without change of its certificate of incorporation when its board of directors do so authorize by a majority vote of its stockholders at its annual meeting, or at a meeting called for that purpose, issue its capital stock, part special and part preferred and part common, or part common, part either special or preferred, and give such preference as it deems best to such special or preferred stock (sec. 2878).

23. **Extension of Corporate Existence.** — Express provision is made for

renewing the corporate existence from time to time for a further term not exceeding thirty years, whenever a three-fourths vote of the stock represented at any regular meeting or at any special meeting called for that purpose shall adopt a resolution to that effect, and those desiring it shall have purchased at its value the stock of those opposed thereto. No resolution of extension of corporate existence shall take effect until a duly certified copy thereof shall have been filed, recorded, and published in the same manner as in the case of an original certificate (secs. 2856, 2857; Laws of 1907, chap. 468; see also as to reorganization of existing corporations, sec. 2886).

24. **Annual License Tax.** — There is no annual license tax.

25. **Dissolution.** — Corporations may be dissolved upon application to the courts (secs. 2882, 2883, 3171–3178, 3190).

26. **Foreign Corporations.** — Every foreign corporation before doing business within the State must file in the office of the Secretary of State a copy of its charter or articles of incorporation duly certified and authenticated. They must also maintain an office within the State and appoint an agent resident therein upon whom service of process may be had (secs. 2888, 2889). At the time of filing a copy of its charter or articles of incorporation with the Secretary of State, there must also be filed with that official, a statement duly sworn to showing the proportion of the capital stock of said corporation that is represented by its property located and business transacted in the State, and such corporation shall pay into the State treasury $50 for the first $50,000 or fractional part of such proportion of capital stock, and a further sum of $5 for every additional $10,000 or fractional part of such proportion of capital stock, and no increase of capital stock of any corporation shall be valid until the corporation shall have paid into the State treasury $5 for every $10,000 or fractional part thereof of such increase of such proportion of capital stock of such corporation. In determining the proportionate share of capital stock upon which license fees shall be paid as aforesaid, the business of such corporation transacted in and out of the State during the year immediately preceding the filing of its articles or certificate as above provided must be considered and have control. Upon compliance with the above provision the Secretary of State issues a certificate to such foreign corporation authorizing it to do business in the State, stating the amount of its capital stock and the proportion thereof which is represented in the State. This certificate is valid for a period of thirty years from and after the date of such certificate (secs. 2889, 2890).

State *v.* Company, 43 Minn. 17; 44 N. W. 1032; Heileman Co. *v.* Peimeisl, 85 Minn. 121; 88 N. W. 441; R. I. P. Co. *v.* Peterson (Minn.), 101 N. W. 616.

MISSISSIPPI.

(The references cited below are to the Mississippi Code of 1906, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Mississippi is found in the Annotated Code of 1906, chap. 24, secs. 897–938 inclusive. Under this act corporations may be created for every lawful purpose, except for the construction and operation of a railroad other than street railroads and the carrying on of an insurance business. Special acts are provided for railroad and insurance corporations.

2. **Incorporators.** — There must be at least two incorporators. There are no residential requirements (sec. 898).

3. **Contents of the Charter.** — The Charter must contain (sec. 898):

a. Purposes. — Any number of purposes, not including those for which corporations can be organized only under special acts, may be inserted.

b. Incorporators. — The names of the corporators must be inserted.

c. Name. — Similarity of names is forbidden (sec. 936).

d. Corporate Powers. — The powers to be exercised must be set forth.

e. Duration. — This cannot exceed fifty years.

f. Capital Stock. — There is no maximum or minimum amount of capital stock fixed by law for corporations. There is an implied limit by reason of the provision that no corporation, except manufacturing companies, may hold real and personal estate exceeding $1,000,000 in amount. Manufacturing companies may purchase and hold property to the amount of $2,000,000.

g. Any provisions that may be desired for the regulation of the internal affairs of the corporation (sec. 833).

4. **Statutory Powers.** — The act enumerates the common law powers of corporations (sec. 901). All domestic business corporations created under the provisions of this chapter or the laws of this State may hold personal property in any amount necessary and proper for its uses and purposes, and every such corporation except manufacturing corporations may hold land to an amount not exceeding $1,000,000 in value, but building, machinery, or fixtures on such land shall be excluded in valuing the land. And a corporation shall not have a trust, use, or benefit in any property held in the name of any person or corporation for its use, either expressly or secretly, to an amount greater than it may lawfully hold, nor shall any corporation employ its capital, money, or either in any way than in pursuit of its legitimate business, and the corporation offending against any of these provisions shall forfeit its charter, and shall also forfeit to the State all real estate held, even that which it may lawfully hold; but an increase in the market value of real estate after it has been acquired by a corporation over the limit it was or is authorized to hold shall not operate to forfeit the charter or any part of the real estate of such corporation. Nothing herein contained shall prevent a corporation from taking land or a lien on land to a greater amount than it may lawfully hold in payment of or as security for a debt, if the same shall not be held for a longer period than ten years (Laws of 1906, chap. 252). Corporations are forbidden to own or purchase the capital stock of other corporations, or to acquire the franchise, plant, or equipments

of other corporations (Laws of 1900, sec. 5, chap. 88). Corporations are expressly given power to execute bonds in suits in which the corporation is interested (sec. 907). Voting by proxy is permitted; also forfeiture of stock for non-payment of assessments (secs. 901–903, 908). May cumulate votes in election of directors (sec. 902).

Greenville Compress & Warehouse Co. *v.* Company, 70 Miss. 669; 13 Sou. 879.

5. **Procuring the Charter.** — The charter must be signed and acknowledged by each of the incorporators. It must then be published for three consecutive weeks in a newspaper published at the domicile of the corporation. After publication it must be submitted for approval to the Governor, who is required to take advice of the Attorney-General as to the constitutionality and legality of the provisions of the charter. If the charter is approved, the governor so endorses such approval thereon, and the Secretary of State shall affix the State seal thereto. Upon the payment of the organization tax and upon recording the charter in the office of the Secretary of State the corporate existence commences. The law provides that it shall not be a defence to any suit against the corporation that there was a defect or informality in the organization thereof (secs. 833, 835). The charter must be recorded also in the office of the clerk of the Chancery Court of the county in which the corporation does business. Collateral inquiry into the legality of corporate existence is forbidden by statute (secs. 898, 900, 906, 916, 917).

6. **Corporate Indebtedness.** — Domestic business corporations are not permitted to contract debts in excess of the amount of the capital actually paid in (sec. 924). No loan of money can be made by the corporation to one of its stockholders (sec. 922).

Fargason *v.* Company, 78 Miss. 65; 27 Sou. 877.

7. **Organization Tax.** — Capital stock not exceeding $10,000, $20; between $10,000 and $30,000, $40; between $30,000 and $50,000, $60; exceeding $50,000 one-tenth of one per cent, but no fee to exceed $250 (sec. 938).

8. **Filing and Recording Fees.** — There is no filing or recording fee imposed other than the organization tax required to be paid to the Secretary of State. The Secretary of State is entitled for other services as follows: For recording each amendment to the charter, $5; for each certified copy of domestic or foreign charters, $10; for filing articles of consolidation, $25; for filing other articles of agreement between corporations, $20; for filing each charter of a foreign corporation $15 (sec. 938).

9. **Commencing Business.** — Corporations may commence business as soon as the charter is duly executed, published, and approved by the governor, the organization tax paid, and the charter recorded in the office of the Secretary of State and with the clerk of the Chancery Court of the county in which the corporation does business (secs. 898–900). Before commencing business all corporations must within thirty days after organization make report thereof to the Secretary of State, who is required to furnish blank forms for that purpose, as provided by statute. The Secretary of State shall enter such report and index the same in a record to be kept for that purpose in his office (secs. 930, 931).

10. **Organization Meeting.** — The organization meeting must be held within the State. Unless the incorporators sign an agreement fixing the time and place for the organization meeting of the corporation, a notice signed by one or more persons named in the charter must be published in some business

newspaper for at least ten days before the time appointed for such meeting. At this meeting the by-laws must be adopted and the board of directors chosen. Immediately after the adjournment of the organization meeting the board of directors elected thereat should meet and elect such officers as may be provided for in the by-laws (sec. 901).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (sec. 902).

Thompson *v.* Company, 68 Miss. 423; 9 Sou. 821.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The corporation may have any number of directors desired. There are no residential requirements. No person can serve on the board of directors who is engaged or interested in a competing business, without the consent of a majority in interest of the stockholders thereof (sec. 902).

b. Liabilities. — Directors are jointly and severally liable for the payment of dividends when the company is insolvent or when such payment would render it insolvent. Directors are also liable for illegal withdrawal of capital stock. Officers and directors are jointly and severally liable for permitting the loan of money to stockholders. They are also liable in case debts are contracted in excess of the amount of capital stock paid in (secs. 922–924).

13. **Stockholders' Liabilities.** — Stockholders are liable in any event to the amount of stock subscribed by them and unpaid (secs. 909, 921).

Scott *v.* Windham, 73 Miss. 76; 16 Sou. 206.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by such officers as the by-laws may prescribe. The par value of shares may be any amount (secs. 898, 909).

15. **Preferred Stock.** — The act does not provide in terms for the issuance of preferred stock.

16. **Payment of Capital Stock.** — The statute seems to contemplate that stock must be paid for either in money or money's worth. The act provides that a note, obligation, or security of any kind given or transferred by any subscriber for stock shall not be considered, taken, or held as payment of any part of the capital stock of the company (secs. 909, 921).

Fargason *v.* Company, 78 Miss. 65; 27 Sou. 877.

17. **Books.** — Stock books must be kept in which shall be recorded the necessary data relative to transfers of stock (sec. 909).

18. **Office and Agent.** — The statute by implication would seem to require the maintenance of a domiciliary office within the State.

19. **Reports.** — Within thirty days after organization of business corporations they must make a report thereof to the Secretary of State upon blank forms provided by him for that purpose. This report gives the date of incorporation and organization, the place where organized, the names of the directors and officers for the ensuing year. It also requires the name of the post-office address of the president and secretary. This report must be certified by the president and attested by the secretary of the corporation (secs. 930, 931).

20. **Anti-Trust Statute.** — All pools, trusts, or combinations for certain designated purposes are declared illegal (chap. 145, secs. 5002–5021).

Woodberry *v.* McClurg, 78 Miss. 831; 29 Sou. 514.

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited for entering unlawful trusts or combines or for misuse or abuse of its powers (chap. 145, secs. 4017–4020, 5010; Laws of 1906, chap. 252).

22. **Amendments.** — The act provides in the case of amendments as follows: Every corporation desiring an amendment of its charter shall make publication in the same manner as is required in the case of original charters, setting forth at length in such publication the nature and extent of the amendment desired, and the covenant that the Attorney-General may grant the same. Every amendment shall be recorded at length in the office of the Secretary of State, and in the office of the clerk of the Chancery Court of the county in which the corporation does business (secs. 899, 900).

23. **Extension of Corporate Existence.** — The act refers to renewals of charters, and makes express provision with reference thereto (sec. 899).

24. **Dissolution.** — Corporations may be dissolved upon application to the courts (secs. 912, 913). Whenever stockholders in any corporations formed under this chapter shall desire to surrender their charter, a meeting of the corporation shall be called for that purpose after three weeks' notice published in some newspaper at the domicile of the corporation, and a copy of such paper shall be mailed to each stockholder at his post-office address if known, and if at said meeting two-thirds of the stockholders of the company shall vote, either in person or by proxy, for the dissolution of the corporation, a petition shall be filed in the Chancery Court of the domicile of the corporation in the name of the corporation and against the dissenting stockholders if any, and if none, the proceedings shall be *ex parte*. If upon the hearing of the petition it shall appear that two-thirds of the stockholders have voted for such dissolution, and that it would be to the best interests of all parties in interest that the corporation be dissolved, then liquidators of the corporation shall be appointed by the Chancery Court, not exceeding three in number, who shall give bond in such sum as the court may fix, conditioned to faithfully perform their duties as liquidators; and there are creditors of such corporation, such liquidators shall pay out of the assets of the corporation the debts of the corporation in full, if there be sufficient funds, and if not, then *pro rata;* and if there shall be any assets left after paying the debts, then the same shall be distributed among the shareholders. If there are no debts, the said liquidators shall distribute the assets among the stockholders. The Chancery Court may allow the liquidators such compensation as may be just and proper. When the assets of the corporation have been fully liquidated and distributed, they shall report to the Chancery Court, and the Chancery Court shall thereupon enter a decree dissolving the corporation, confirming the acts of the liquidators and ordering their discharge, and a certified copy of such decree shall be filed in the office of the Secretary of State, and after filing of said decree in said office the corporation shall be dissolved. And all rights, privileges, judgments, and franchises which had theretofore been granted to such corporation by the State or any county or municipal corporation shall revert back and become the property of the grantor (sec. 932).

25. **Annual License Tax.** — There is no annual license tax imposed.

26. **Foreign Corporations.** — Every foreign corporation before doing business within the State must file in the office of the Secretary of State a copy of its charter or articles of incorporation duly certified and authenticated. The same must be duly certified by the president, secretary, or other chief executive officer of such corporation, and the corporate seal attached thereto (sec. 935).

If foreign corporations desire to become domesticated they may do so by filing with the Governor of the State a copy of their charter or articles of association. Upon doing so the Governor shall first take the advice of the Attorney-General of the State as to the constitutionality and legality of the provisions thereof, and if the Attorney-General shall certify to the Governor that he finds nothing in said charter or articles in violation of the constitutional laws of the State, the Governor of the State may approve the same, and he shall write his approval thereon and sign his name thereto, and shall cause the seal of the State to be thereto affixed by the Secretary of State. But the Governor may require amendments or alterations to be made previous to signing the same, or, if deemed expedient by him in the matter, withhold his approval entirely. The Secretary of State shall then cause all such charters or articles of incorporation, after he has received the same from the Governor with his approval, to be duly recorded in a book to be kept for that purpose, and shall cause to be issued to such corporation a copy of the charter or articles so filed, properly certified under the seal of his office. But such corporation shall pay to the Secretary of State the same fees required of similar corporations formed under the laws of Mississippi. Any corporation shall, upon compliance with the foregoing provisions, become to all intents and purposes a domestic corporation. In any action against such domesticated foreign corporation, service upon it may be served upon the Secretary of State in its behalf (secs. 914–920 inclusive). The fee to the Secretary of State for filing charter of foreign corporations, $15 (sec. 935; Laws of 1906, chap. 114).

Williams *v.* Bank of Commerce, 71 Miss. 858; 16 Sou. 238.

MISSOURI.

(The references cited below are to the Revised Statutes of 1899, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Missouri is found in the Revised Statutes of 1899, secs. 943–1541 inclusive. Special acts are provided for banking, bond, investment, booming and rafting, savings and loan, building, railway, street railway, telegraph, telephone, and trust companies. (See also Laws of 1905, p. 97.)

2. **Incorporators.** — Any number not less than three. There are no residential requirements (sec. 1312, as amended by the Session Laws of 1901, p. 91).

3. **Contents of the Articles of Incorporation.** — The articles must set forth:

a. Name. — Similarity of names is forbidden. When the name of a person or firm is assumed, it must designate the nature of the business to be carried on and end with "company" or "corporation" (secs. 959, 1312).

b. Domiciliary Office. — The name of the city or town in the county in which the corporation is to be located (sec. 1312).

c. Capital Stock. — The amount of capital stock, the number of shares into which it is to be divided and the par value thereof, together with a statement that the same has been *bona fide* subscribed and one-half thereof actually paid up in lawful money of the United States and in the custody of the persons named as the first board of directors. Capital stock cannot be less than $2,000 nor more than $50,000,000 (Laws of 1907, pp. 166, 167).

d. Stockholders. — The names and places of residence of the stockholders and the number of shares subscribed by each (sec. 1312).

e. Board of Directors. — Number of directors and names of the board for the first year. There must be not less than three nor more than thirteen. Three of these must be citizens and residents of the State, and all must be stockholders (secs. 973, 1022, 1312, 1320; Laws of 1903, p. 124).

f. Duration. — The number of years the corporation is to continue, which must not exceed fifty years (sec. 1312; Laws of 1903, p. 124).

g. Purposes. — The statute specifies eleven classes of corporations which may be organized under the General Act (sec. 1319).

If preferred stock is desired, the articles must set out the amount thereof, the number of shares thereof, the names of the subscribers therefor, the number of shares subscribed by each person, and the preferences, priorities, qualifications, and character thereof, as provided in sec. 1332 of the Revised Statutes of Missouri, 1899, as amended by Laws of 1901, p. 91.

State *v.* McGrath, 92 Mo. 355; 5 S. W. 29.

4. **Statutory Powers.** — The Missouri statutes enumerate the common law powers of corporations, and also confer the following additional powers: Permitting the use of proxies; authorizing cumulative voting for directors; allowing directors to forfeit stock for non-payment of assessment; permitting the classification of directors; allowing the issuance of preferred stock and the issuance of stock for services or property (secs. 953, 961, 962, 971, 1322; Laws of 1903, pp. 114, 124). Corporations engaged in a similar line of business may

consolidate (sec. 1334). Bonds may be issued and afterwards converted into stock, if desired (sec. 1337).

5. **Procuring the Charter.** — The articles must be signed and knowledged by the incorporators. They must then be recorded in the office of the recorder of deeds of the county or city where the corporation is to be located. A certified copy of the articles must then be filed with the Secretary of State, and the corporate existence commences from the time of the filing of such copy A certificate by the Secretary of State that such corporation has been duly organized is evidence of the corporate existence of the corporation. A certified copy of such certificate must be filed and recorded in the office of the recorder of deeds of the county in which the corporation is organized. Before the articles can be filed in the office of the Secretary of State the organization tax must be paid to the State, and a duplicate receipt of the State Treasurer showing the payment of such tax must be filed with the Secretary of State (secs. 955, 956, 1313; Laws of 1903, pp. 123, 125; sec. 1314).

Hurt *v.* Salisbury, 55 Mo. 310; Com'rs *v.* Shields, 62 Mo. 247; Granby Co. *v.* Richards, 95 Mo. 106; 8 S. W. 246; Hyatt *v.* Van Riper (Mo.), 78 S. W. 1043.

6. **Organization Tax.** — Fifty dollars for the first fifty thousand dollars or less of capital stock, and $5 for each additional ten thousand dollars.

7. **Filing and Recording Fees.** — For issuing and recording certificate of corporate existence, $1.50 (sec. 3283). For filing and recording articles of incorporation, $2.50. For issuing a certified copy of articles of incorporation the charge is 10 cents per hundred words for copying and $1 for certificate. The recording fee in local county office is 8 cents per hundred words and 10 cents for indexing.

8. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of debts a corporation may contract, except that the bonded indebtedness must not exceed the amount of authorized capital (sec. 962). By a majority vote bondholders may be authorized to convert their bonds into stock (sec. 1337).

9. **Commencing Business.** — As soon as the certificate of organization is issued by the Secretary of State and a certified copy thereof filed in the office of the recorder of deeds, the company may at once commence business. As preliminary to the foregoing, however, one-half of the authorized capital stock of the corporation must be paid in and the balance subscribed for (sec. 1312). The act provides that five per cent must be paid in cash on each stock subscription (sec. 957).

Shepard *v.* Drake, 61 Mo. App. 134; Reinhard *v.* Mining Co., 107 Mo. 616; 18 S. W. 17; St. J. & I. R. R. Co. *v.* Shambaugh, 106 Mo. 557; 17 S. W. 581; Q. C. F. & C. Co. *v.* Crawford, 127 Mo. 356; 30 S. W. 163.

10. **Organization Meetings.** — Must be held within the State (secs. 944–946).

Camp *v.* Byrne *et al.*, 41 Mo. 525; N. M. R. R. Co. *v.* Winkler, 33 Mo. 354.

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. All meetings of directors, other than boards of mining and railway corporations, must be held at the general office of the corporation within the State (sec. 973; Laws of 1903, p. 124; Laws of 1901, p. 89; Cons., Art. XIII. sec. 15; Laws of 1907, pp. 166–167).

O. & M. R. R. Co. *v.* McPherson, 35 Mo. 13; M. L. M. & S. Co. *v.* Reinhard, 114 Mo. 218; 21 S. W. 488.

12. **Directors' Qualifications and Liabilities.** — There must be not less

than three nor more than thirteen directors. Three of them must be citizens and residents of the State, and each must be a shareholder. Directors may be classified if desired. Cumulative voting for directors permitted (secs. 971, 973, 1022, 1312, 1320; Laws of 1901, p. 89; Laws of 1903, p. 124; Laws of 1907, pp. 166–167). Inspectors of election are provided for (secs. 947, 948). Directors may within certain prescribed limits make by-laws. (See sec. 969.)

Hap *v.* Mill Co., 39 Mo. App. 453.

(*b*) *Liabilities.* — Directors are liable for knowingly declaring and paying dividends when the corporation is insolvent or which will render it insolvent. This liability is a joint and several one, and extends to debts of the corporation then existing or thereafter contracted. Directors voting against the declaration of such dividends are not liable (secs. 983, 1321). They are also liable for making loans to stockholders (sec. 1323). There are penal provisions against fraud in corporate affairs relating to the fraudulent issue of stock or bonds, failure to file tax returns, for making loans to stockholders, and for refusing to permit examination of books (secs. 1935, 1936, 9156, 9231, 1323, 967).

13. **Stockholders' Liabilities.** — Stockholders are liable for corporate debts to the extent of their unpaid stock subscriptions (Cons., Art. XII. sec. 9; secs. 985, 1330).

Ramsey *v.* Mfg. Co., 116 Mo. 313; 22 S. W. 719; Ollesheimer *v.* Mfg. Co., 44 Mo. App. 172.

14. **Stock Certificates.** — Each stockholder is entitled to have a certificate issued to him, signed by such officers as the by-laws may provide. Par value of shares may be any amount.

15. **Preferred Stock.** — Preferred stock may be issued by inserting provision therefor in the original articles of agreement or by amendment thereto, or by the vote of all the stockholders of the corporation. Dividends not exceeding eight per cent per annum may be made on the preferred stock out of the net yearly income, and whether such dividends shall be made cumulative or not, and what priority, if any, any class of such preferred stock shall have over the common stock or other preferred stock out of the assets of the corporation in case of its dissolution or liquidation, may be provided for (secs. 1332, 1333).

Winscott *v.* Investment Co., 63 Mo. App. 367.

16. **Payment of Capital Stock.** — Stock can only be issued for money paid, labor done, or property actually received. All fictitious increase of stock is void (Cons., Art. XII. sec. 8; see also secs. 962, 1323). All the authorized capital stock must be subscribed for before beginning business, and one-half paid in. Five per cent of each subscription must be paid in in cash (secs. 957, 1312).

Schickle *v.* Watts, 94 Mo. 410; 7 S. W. 274; Grocer Co. *v.* Crow, 36 Mo. App. 288; Garrett *v.* Mining Co., 113 Mo. 330; 20 S. W. 965; McDaniel *v.* Harvey, 51 Mo. App. 198; Berry *v.* Rood, 168 Mo. 316; 67 S. W. 644.

17. **Books.** — A transfer book and stock register shall be kept at the general office of the corporation, which shall be open to inspection of stockholders during usual business hours for thirty days previous to an election of directors (sec. 966). The books and records of the proceedings of such corporation shall be kept open for the inspection of all persons interested (secs. 1322–1326; Cons., Art. XII. sec. 15).

18. **Office.** — Every domestic corporation is required to keep an office within the State (sec. 1022). The secretary of the corporation must have his office at the principal corporate office within the State (sec. 1022; see also Cons., Art. XII. sec. 15).

Cleaton *v.* Emery, 49 Mo. App. 345; M, L. M. & S. Co. *v.* Reinhard, 114 Mo. 218; 21 S. W. 488.

19. **Reports.** — The president, secretary, or managing officer of every domestic corporation must, within thirty days after the 1st day of July of each year, make what is known as the anti-trust affidavit in the form prescribed by statute (Laws of 1907, pp. 374–377). Corporations shall annually, on or before July 1st, report to the Secretary of State the location of the principal office, name of president and secretary, amount of capital stock both subscribed and paid up, par value of stock and actual value of stock at the time, cash value of all personal property and real estate within this State, on June 1st preceding, and amount of taxes paid by the corporation in this State for the year last preceding the report (sec. 1013; see also Laws of 1905, p. 71). The president or other chief officer of all corporations must deliver to the assessor a list of the names of the persons holding stock therein, the number of shares and the face value thereof; also a complete statement of all reserve funds, undivided profits, premiums on earnings, and of all other values belonging to the corporation (sec. 9153).

20. **Anti-Trust Statute.** — All combinations to limit prices of certain designated articles are by statute declared to be illegal (Laws of 1901, chap. 143; Laws of 1907, pp. 234, 235). Anti-trust affidavit is required to be made out and sworn to by the president, secretary, or treasurer of each corporation on or before July 1st of each year (sec. 8973; Laws of 1907, pp. 234, 235, 374–382).

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited for entering illegal trusts or combinations; also for failure to maintain an office within the State, and have at least three directors residents of the State for six months consecutively; also for abuse, non-use, or misuse of corporate rights and privileges (secs. 1022, 1023, 8971), and for violation of Anti-Trust Acts (Laws of 1907, pp. 234–235, 374–384).

22. **Extension of Corporate Existence.** — Corporate existence may be extended for a further period of fifty years by complying with the law in respect thereto (sec. 972). Corporations may also reincorporate under the old name, if they so desire (sec. 1008).

23. **Annual Franchise Tax.** — There is no annual franchise tax.

24. **Amendments.** — To increase the capital stock requires the consent of all persons holding the larger amount in value of the stock, such consent to be obtained at a meeting of the stockholders called for that purpose. Sixty days' notice of the time and place of such meeting to be given by publication at least once a week in some newspaper published in the county wherein the principal office of the corporation is located, the first insertion to be not less than sixty days, the last to be not less than one nor more than six days previous to the date on which said meeting shall be held. The notice must also state the amount of the proposed increase of stock. Upon the stock of any corporation being increased, the change and amount of such increase of stock shall be certified by the proper corporate officers to the Secretary of State, who shall record the same (secs. 962–964 inclusive).

To change the name or number of directors requires action by a majority of the stockholders taken at a meeting called for that purpose. The action so taken must be set forth in an affidavit of the president and secretary of the corporation, setting forth the name adopted or the number of directors fixed, together with the date on which said change of name or number of directors was voted by the stockholders of the corporation. This affidavit must be first recorded in the office of the recorder of deeds of the county in which the cor-

poration is located and then afterwards filed with the Secretary of State (sec. 971; Laws of 1903, p. 114).

Corporations may, at a stockholders' meeting called and held in the same manner provided for in the increase of capital stock, reduce the par value of its shares of stock and correspondingly increase the number thereof by vote of a majority of the stock of the corporation. The same certificate of such change must be made out, recorded, and filed as is provided in the case of change of name or change in the number of directors (sec. 971; Laws of 1903, p. 114).

The Manufacturing and Business Company Act contains a provision for changing the corporate business in the following manner, to wit: A meeting of the stockholders must be called by the directors upon notice signed by at least a majority of the directors and published in a newspaper in the county where the principal place of business of the corporation is located for a period of sixty days. This notice must also be sent to each stockholder by post at his usual place of residence at least sixty days previous to the date fixed upon for holding such meeting and specifying the object of the meeting, the time and place when and where such meeting is to be held, and the amount to which the stock is to be increased or diminished or the business changed. An affirmative vote of all persons holding the larger amount in value of all the shares of stock is necessary to effect the amendment. The published notice provided for requires that it shall be published at least once a week and the first publication must be at least sixty days before the date of said meeting. A statement of the proceedings at the stockholders' meeting must be prepared, showing compliance with the law, the amount of capital actually paid in, the business to which it is extended or changed, the whole amount of assets and liabilities of the corporation, and the amount to which the capital stock shall be increased or diminished. This statement must be acknowledged by the chairman and recorded in the same manner as is provided in the case of original charters (sec. 1329; see also Laws of 1903, p. 114).

Ollesheimer *v.* Mfg. Co., 44 Mo. Ap. 122; N. S. H. Co. *v.* Cook, 178 Mo. 189; 77 S. W. 559.

25. **Dissolution.** — A corporation may be dissolved only on application to the courts for cause shown by a majority vote of the stockholders or without cause shown by a two-thirds vote thereof (sec. 981). The affidavit of dissolution must be filed with the Secretary of State (sec. 1018).

26. **Foreign Corporations.** — Foreign corporations, in order to transact business within the State, must file in the office of the Secretary of State a copy of their charter, duly authenticated by the proper authority, together with a sworn statement under the corporate seal setting forth the business of the corporation which it is engaged in carrying on or which it proposes to carry on in the State; and the principal officer or agent in Missouri must make and forward to the Secretary of State, with the affidavits required, a statement, sworn to, of the proportion of capital stock which is represented by its property located and business transacted in Missouri, and setting forth the location of its principal office within the State where legal service may be obtained upon it. The corporation is required to pay into the State treasury, upon the proportion of its capital stock represented by its property and business in Missouri, incorporating taxes and fees equal to those required of similar domestic corporations, with an addition of $10 as the license fee. For a corporation employing $50,000 capital in Missouri, it would have to pay first a tax of $50 thereon;

this in addition to $10 for license and $1.50 for certificate. The tax on all additional capital employed in Missouri would be $5 on each additional $10,000 or fractional part thereof. The Secretary of State is not permitted to issue a license to any foreign corporation bearing the same name as that of a domestic corporation (Laws of 1903, pp. 121–123).

In addition to the foregoing, every foreign corporation must maintain a place of business within the State where service of process may be made and where books shall be kept showing all of the corporate assets and liabilities as well as the names and residences of the shareholders and the officers and managers of the corporation (Laws of 1903, pp. 119–121). A license will not be issued to any foreign corporation that could not be organized under the Laws of Missouri (sec. 1316), nor to any foreign corporation organized by residents of Missouri to evade the Laws of Missouri (Laws of 1903, p. 121). Foreign corporations must annually file a report on July 1st of each year in the office of the Secretary of State, giving (1) the location of office; (2) name of principal officer in State; (3) cash value of real and personal property in State on June 1st; (4) amount of taxes paid in preceding year (sec. 1014). Also an affidavit must be filed on or before July 1st in each year in response to a letter of inquiry from the Secretary of State, and on forms supplied by him, in regard to trusts and conspiracies, on penalty of forfeiture of right to do business in the State (Laws of 1907, pp. 374–377).

The proportion of capital of foreign corporations employed within the State of Missouri cannot exceed $50,000,000 (Laws of 1907, p. 168).

Carson-Rand Co. *v.* Stern, 129 Mo. 381; 31 S. W. 772; Tooney *v.* S. L. K. P., 74 Mo. App. 129; Woollen Mills Co. *v.* Edwards, 84 Mo. App. 448; Kimball *v.* Davis, 52 Mo. 194; Hays *v.* Merkle, 70 Mo. 509; State *ex rel. v.* Cook, 181 Mo. 596; 80 S. W. 929.

MONTANA.

(The references cited below are to the Civil Code of 1895, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Montana is found in secs. 390–563 of the Civil Code of Montana and acts amendatory thereof. Special acts are provided for banking, trust, mutual insurance, building and loan, railway, telegraph, and telephone companies (secs 393, 411). Corporations may be formed under the General Act for any kind of business.

2. **Incorporators.** — There must be at least three incorporators. There are no residential requirements, except that it is customary to have at least one resident incorporator (sec. 405; Laws of 1907, chap. 163).

3. **Contents of the Articles of Incorporation** (sec. 403). — The articles must contain:

a. Name. — Similarity of names is expressly forbidden (Laws of 1903, chap. 163).

b. Purposes. — The amendment to the General Act (Laws of 1907, chap. 163), after enumerating the various purposes for which corporations may be formed, provides specifically that corporations may be created to carry on one or more of the aforesaid branches of business or for any of the purposes for which private corporations may be formed, as set forth in sec. 393 of the Civil Code of Montana. As a matter of practice the Secretary of State permits the insertion in the articles of incorporation of any number of purposes not covered by special act. (See Laws of 1905, chap. 102; Laws of 1907, chap. 163.)

c. Domiciliary Office. — The place where the principal business is to be transacted must appear (sec. 403).

d. Duration. — Term for which the corporation is to exist, not to exceed forty years (sec. 403; see also sec. 411; Laws of 1907, chap. 163).

e. Board of Directors. — The number, which shall not be less than three nor more than thirteen, and the names and residences of those who are to serve for the first three months (sec. 403).

f. Capital Stock. — The amount of its capital stock and the number of shares into which it is divided, and if there be more than one class of stock created by the articles of incorporation, a description of the several classes, with the terms on which the respective classes are created (Session Laws of 1905, chap. 102). The capital stock and par value of shares may be any amount (sec. 403).

g. Stock Subscriptions. — Amount actually subscribed, and by whom (sec. 403).

h. Stock Assessments. — If stock is assessable, it must be so stated (sec. 403).

4. **Statutory Powers.** — The Montana statutes enumerate the common law powers of corporations, and also confer the following additional powers: To remove directors; permitting stockholders to vote by proxy; permitting mining companies to consolidate; authorizing forfeiture of stock for non-payment of assessments; permitting the imposition of fines, not to exceed $100, for violation of by-laws; allowing cumulative voting for directors (secs. 432, 436, 439, 452, 476, 520, 526; Laws of 1899, chap. 527). Under the Laws of 1905, chap. 103, corporations are given power to dispose of and sell their

property either in whole or in part under certain restrictions as therein provided. Provision is made for the protection of dissenting stockholders.

Macginness *v.* Company, 29 Mont. 478; 75 Pac. 89.

5. **Procuring the Charter.** — The articles must be signed and acknowledged by each of the incorporators. They must then be filed in the office of the county clerk of the county in which the principal place of business is to be located, and a copy thereof certified by the county clerk with the Secretary of State. Thereupon the latter official issues a certificate that a copy of the articles containing the required statement of facts has been filed in his office. Thereupon the corporate existence commences (secs. 405, 406). Collateral inquiry as to the legality of corporate existence is forbidden (sec. 395).

6. **Organization Tax.** — For recording and filing each certificate of incorporation and each certificate of increase of capital stock, there must be paid to the Secretary of State an organization tax in the following amounts: On all capitalization up to $100,000, 50 cents per thousand dollars, but in no case less than $20; additional from $100,000 to $250,000, 40 cents per thousand dollars; additional from $250,000 to $500,000, 30 cents per thousand dollars; additional from $500,000 to $1,000,000, 20 cents per thousand dollars; additional over $1,000,000, 10 cents per thousand dollars (Laws of 1905, chap. 74).

For recording and filing the certificate of continuance of corporate existence the following amounts are charged: On amount of capitalization up to $100,000, 25 cents per thousand dollars; additional from $100,000 to $250,000, 20 cents per thousand dollars; additional from $250,000 to $500,000, 15 cents per thousand dollars; additional over $500,000 to $1,000,000, 10 cents per thousand dollars; additional over $1,000,000, 5 cents per thousand dollars.

7. **Filing and Recording Fees.** — The recording and filing fees to the Secretary of State are included in the organization tax. For issuing certificate of incorporation, the charge is $3; for certified copy of the articles of incorporation, 20 cents per folio for making copy and for affixing seal, $1. For issuing each certificate of decrease of capital stock, $3; for recording and filing each certificate of decrease of capital stock, $5; for issuing certificate of continuance of corporate existence, $3; for recording and filing each notice of removal of place of business, each certificate of change of name, or each certificate making capital stock assessable, $3. Recording fees in local county office, 15 cents per hundred words; for acknowledgment, 50 cents, and 10 cents for indexing. Usually $3 covers this entire service (Laws of 1903, chap. 127, as amended by Laws of 1905, chap. 74).

8. **Corporate Indebtedness.** — Must never exceed the amount of capital stock (secs. 438, 525, sub. 2).

9. **Commencing Business.** — As soon as the certificate of incorporation has been recorded in the office of the county clerk and a copy thereof duly certified with the Secretary of State, and the latter has issued a certificate that a copy of the articles, properly drawn, has been filed in his office, the corporation may commence business (sec. 406). By-laws must be adopted within one month after filing articles (sec. 430). No corporation can purchase, locate, or hold property in any county in the State, without filing a certified copy of its articles of incorporation in the office of the county clerk of the county in which such property is situated, within sixty days after such purchase or location is made (sec. 409). The corporation must organize and commence business within one year after date of incorporation (sec. 523).

Morrison *v.* Clarke, 24 Mont. 515; 63 Pac. 98.

10. **Organization Meetings.** — These must be held within the State, in the absence of any statute providing otherwise.

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held at the office or principal place of business of the corporation within the State. Directors' meeting may be held within or without the State if the by-laws so provide. If held without the State, either the original or a copy of all proceedings had at such meeting, certified by the president and secretary under the corporate seal, shall be sent to and kept at the principal office of the corporation in Montana, and shall be part of the records thereof (sec. 448, Laws of 1907, chap. 151).

McConnell *v.* Company (Mont.), 76 Pac. 194.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be not less than three nor more than thirteen directors, who must likewise be stockholders to the amount prescribed in the by-laws. The only exception is that the directors authorized by the articles of incorporation to act as such for the first three months need not be stockholders (sec. 434).

b. Liabilities. — Directors are jointly and severally liable to the corporation and the creditors in the event of its dissolution, to the full amount of capital stock illegally withdrawn, paid out or reduced, and for debts contracted beyond the subscribed capital stock. Dissenting directors may protect themselves by causing their dissent to be entered at large in the minutes of the directors' meetings (sec. 438). Directors are also liable for failure to file annual reports unless they make an affidavit in the form required by statute, explaining the reason for their neglect (Laws of 1907, chap. 63).

The Laws of 1907, chap. 90, contains somewhat unique provision for relieving directors of personal liability. The act referred to provides that any director, trustee, or other officer of a corporation may resign his office by delivering to the secretary or president of the corporation, or depositing in the post-office in an envelope securely sealed with the necessary amount of postage prepaid thereon and addressed to the corporation at its principal place of business, his written resignation, and filing in the office of the clerk and recorder of the county where the principal office or place of business of the said corporation is situated a duplicate of such resignation, together with an affidavit of the delivery or mailing of said resignation as above specified, or an acknowledgment of service thereof, and by publishing in two consecutive issues of the official newspaper of the county where said company may be doing business, a notice of such resignation, and the director, trustee, or other officer shall upon such filing and publication no longer be responsible for any act or default of the corporation or of the other officers thereof occurring after the date of such filing, provided, however, that any director, trustee, or other officer shall also comply with the laws of the corporation relating to resignations of directors or officers. This act shall apply to resident directors of foreign corporations having a place or places of business in this State, as well as to directors and other officers of domestic corporations (Laws of 1907, chap. 90).

Gans *v.* Switzer, 9 Mont. 408; 24 Pac. 18; State Sav. Bank. *v.* Johnson, 18 Mont. 440; 45 Pac. 662.

13. **Stockholders' Liabilities.** — Stockholders are liable, to the extent of their unpaid stock subscriptions, for all acts and contracts made by such corporation until the whole amount of capital stock subscribed by them shall have been paid in (sec. 470).

14. **Stock Certificates.** — Each stockholder is entitled to a certificate of stock signed by the president and secretary (Civ. Code, sec. 471). Par value of shares may be any amount.

15. **Preferred Stock.** — Corporations may create two or more kinds of stock of such classes and with such distinct preferences and voting powers as shall be expressed in the articles of incorporation. The amount of preferred stock cannot exceed two-thirds of the capital stock paid in in cash or property. Preferred stock may be made subject to redemption at not less than par at a fixed time and price to be named in the stock certificate thereof, and the holders thereof shall be entitled to receive, and the corporation shall be bound to pay thereon, a fixed yearly dividend to be expressed in the certificate, not exceeding eight per cent, payable quarterly, semi-annually, or annually, before any dividend shall be declared by said board or paid on the common stock, and such dividend may be made cumulative. Unless the original or amended articles shall so provide, no corporation may create preferred stock (Laws of 1905, chap. 104).

16. **Payment of Capital Stock.** — Corporations can issue stock or bonds only for labor done, services performed, money or property actually received. All fictitious increase of stock is void (Cons., Art. XV. sec. 10; sec. 525). The Code provides that the directors may purchase mines, manufactories, and other property necessary for its business, and issue stock in the amount of the value thereof in payment thereof, and the stock so issued shall be declared and deemed to be full-paid stock and not liable to any further call. Neither shall the holders thereof be liable for unpaid stock subscriptions as provided in sec. 470 of the Code. The law provides that any arbitrary value may be fixed on for mines, irrespective of actual value. Wherever stock has been issued therefor, such stock shall be deemed full-paid stock, regardless of the actual value of the mine at the time of such purchase (sec. 410).

17. **Books.** — Books of by-laws, stock register, transfer book, and record books of corporation must be kept at principal office within the State. Stockholders have the right of inspection at any time during business hours (sec. 541).

18. **Office.** — Every domestic corporation is required to keep an office within the State. The statute provides that the principal place of business within the State must be named in the articles of incorporation (secs. 403, 448).

19. **Reports.** — All domestic corporations must, within twenty days from the 31st day of December of each year, file in the office of the clerk of the county in which their principal place of business is situate, a report, stating the amount of the capital stock, the proportion thereof actually paid in, and the amount thereof actually paid in in cash and the amount issued in payment of properties purchased and the amount of existing debts, and also the names and addresses of the directors or trustees, and of the president, vice-president, general manager, and secretary of the corporation. Such report shall be signed by the president and a majority of the directors, inclusive of the president, secretary, or treasurer of such corporation. In the absence or inability of the president to act, the vice-president may sign and verify the said report (Laws of 1907, chap. 63).

20. **Anti-Trust Statute.** — Certain kinds of trusts and combinations are declared illegal by statute. (See Cons., Art. XV. sec. 20; Penal Code, chap. 8, secs. 321, 325.) Under a recent decision (not yet officially reported) the act has been declared unconstitutional.

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited upon direct proceedings taken by the State for misuser or non-

user thereof. Also for failure to organize and commence business within one year from date of incorporation (Code Civ. Pro., sec. 1411; Civil Code, sec. 523).

22. **Extension of Corporate Existence.** — The corporate existence may be extended by compliance with the statute in such case made and provided (secs. 412, 562).

23. **Annual Franchise Tax.** — There is no annual franchise tax.

24. **Amendments.** — To increase or decrease capital stock, extend or change the business, it is the duty of the trustees to publish a notice signed by at least a majority of them in a newspaper published in the county where the corporation's principal place of business is located, for at least six successive weeks, and deposit a copy thereof in the post-office, addressed to each stockholder, at his usual place of residence, at least six weeks previous to the date fixed for holding such meeting, specifying the object of the meeting, the time and place when and where such meeting shall be held, and the amount to which it is proposed to increase or decrease the capital, and the business to which the company would be extended. At the meeting so called, the vote of at least two-thirds of all the shares of stock must be cast in favor of the proposed amendment. A certificate of the proceedings showing compliance with the provisions of law, the amount of capital paid in, the business to which it is extended or changed, the whole amount of debts and liabilities of the company, and the amount to which the capital stock shall be increased or diminished, must be made out, signed, and verified by the affidavit of the chairman and countersigned by the secretary, and such certificate shall be acknowledged by the chairman and filed and recorded in the same manner as is required in the case of original charters (secs. 412–414 inclusive, sec. 525).

To change the location of the principal place of business, or to increase or diminish the number of trustees, it is necessary to obtain the consent in writing of the holders of two-thirds of the capital stock. After such consent is obtained and filed in the office of the corporation, notice of the intended change of location or of the intended increase or diminishment of the number of trustees must be published at least once a week for three successive weeks in a newspaper published in the county wherein such principal place of business is located.

Porter *v.* Company, 29 Mont. 347; 74 Pac. 938.

25. **Dissolution.** — Dissolution may be had only by application to the courts (Code Civ. Pro., title VI. part III.; title X. part II. chap. 5, secs. 2190–2196; see also Civ. Code, sec. 561).

Gans *v.* Switzer, 9 Mont. 408; 24 Pac. 18.

26. **Foreign Corporations.** — Foreign corporations desiring to do business in Montana must file in the office of the Secretary of State and in the office of the county recorder of the county wherein they propose to carry on their business, a duly authenticated copy of their charter or certificate of incorporation, and a verified statement made by the president and secretary and attested by a majority of the board of directors, showing name of corporation and location of its principal place of business within and without the State; amount of capital stock; amount of capital stock paid in in money, or in any other way; amount of assets of the corporation, of what they consist and actual value thereof; statement of the liabilities of the corporation secured and unsecured. Such corporation shall also file at the same time and in the same offices a certificate under the seal of the corporation and the signature of its president or vice-president or other acting head, and its secretary, certifying that said corpora-

tion has consented to be sued in the courts of the State and that service of process may be made upon some person a citizen of the State whose name and place of residence shall be designated in such certificate (Laws of 1907, chap. 181). In case of amendments to its charter in any respect it must, within thirty days after the same is adopted by the corporation, file a duly authenticated copy of such amendment in the office of the Secretary of State and in the office of the county clerk of the county where it intends to carry on business. In case the corporation increases its capital stock or extends its corporate existence, it must then pay to the Secretary of State at the time of filing in his office a duly authenticated copy of the certificate thereof. The same fee is required that is required by law from domestic corporations for filing certificates of increase of capital stock or certificates of extension of corporate business (Laws of 1907, chap. 181; Act of March 9, 1901, repealing secs. 1030 and 1038 of C. C.). Must also file annual reports. For filing each certified copy of charter of any foreign corporation, the same fees shall be charged by the Secretary of State as is provided for in the case of domestic corporations. The Secretary of State is also entitled to collect the following fees from foreign corporations: For filing each notice of appointment of agent, $5; for filing annual statements of foreign corporations, $5. (As to when foreign corporations may exercise the right of eminent domain, see Laws of 1907, chap. 23.)

Powder River Cattle Co. *v.* Commissioners, 9 Mont. 145; 23 Pac. 383; Amer. H. S. Co. *v.* O'Rourke, 23 Mont. 530; 59 Pac. 910; McNaughton Co. *v.* McGirl, 20 Mont. 124; 49 Pac. 651.

NEBRASKA.

(The references are to the Compiled Laws of 1903, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Nebraska is found in the Compiled Statutes of Nebraska, 1903, chap. 16. Special acts are provided for banks, building and loan, railway, safe deposit and trust, street railway, fidelity, and guaranty companies. Under the General Act parties may incorporate for any lawful business, including the construction of canals, railways, bridges, and other works of internal improvement.

2. **Incorporators.** — Any number of persons may incorporate. There are no residential requirements (sec. 2081).

3. **Contents of the Articles of Incorporation.** — It is customary to provide in the articles of incorporation for the following matters:

a. Name. — The name of the corporation. Similarity of names is not forbidden (sec. 2088).

b. Domiciliary Office. — The principal place within the State for the transaction of business (Id.).

c. Purposes. — The general nature of the business to be transacted. This would seem to permit of the incorporation of a company for more than one purpose. The Secretary of State construes the act to permit of the insertion of any number of purposes (Id.).

d. Capital Stock. — The amount of capital stock authorized, and time and conditions upon which it is to be paid in. The capital stock may be any amount. The par value of shares may be any amount. It is customary to insert provision that in case new stock is issued it shall be distributed *pro rata* among the existing stockholders (Id.).

e. Duration. — Time of the commencement and termination of the corporation. The corporate existence may be perpetual if desired (Id.).

f. Corporate Indebtedness. — Highest amount of indebtedness or liability to which the corporation is at any time to subject itself. The corporate indebtedness cannot exceed two-thirds of the capital stock (secs. 2085, 2088).

g. Directors. — A statement must be made to the effect that the affairs and business of the corporation shall be conducted by a board of directors of a certain designated number and by the officers by them to be elected as hereinafter provided (sec. 2088).

h. Organization and Annual Meeting. — A statement to the effect that the first meeting of the corporation shall be held upon the day of the organization of the corporation, and thereafter the annual meeting shall be held at the office of the corporation on a certain designated day. This should be followed by a statement that at such meeting and at the annual meetings thereafter the board of directors shall be elected by the stockholders from their own number to hold office until the annual meeting next after their election and until their successors are elected and qualify (Id.).

i. Officers. — A provision to the following effect should be inserted. The directors shall in each instance, as soon as convenient after their election, elect from their own number a president, vice-president, secretary, and treasurer,

who shall hold office until the annual meeting next after their election and until their successors are elected and qualify. Any two of said offices may be held by one and the same person, excepting the offices of president and vice-president (Id.).

j. By-Laws. — The board of directors shall have full power and authority to make all rules and by-laws for the proper government and control of the business affairs of the corporation, and (if desired) they may alter and amend the same at pleasure (Id.).

k. Filling of Vacancies. — Vacancies occurring in the board of directors shall be filled by the stockholders. Offices vacated from whatever cause shall be filled by the board of directors (Id.).

l. Amendments. — Provisions may be inserted providing as follows: These articles of incorporation may be amended at any time. Every amendment shall be first approved by a two-thirds vote of the entire board of directors, and upon being so approved, it shall be entered at large upon the records of the board. A draft of the proposed amendment, or amendments as the case may be, shall then be submitted to each stockholder, with the notice of the meeting called for the purpose of voting upon the same, which notice shall be given at least ten days prior to the date fixed for the meeting. If such amendment or amendments, or either of them, shall then be approved by the holder or holders of two-thirds of the capital stock of the corporation, each and every amendment so approved shall be considered adopted and be made a part of the articles of incorporation, and the board of directors shall thereafter subscribe, acknowledge, record, and publish the same, as by law required (sec. 2088).

4. **Statutory Powers.** — The statute merely enumerates the common law powers of corporations (sec. 2082; see sec. 1989). By constitutional provision the legislature is required to provide by law for cumulative voting in person or by proxy in the election of directors (Cons., Art. XIII. sec. 5).

Williams *v.* Lowe, 4 Neb. 382; Enterprise Ditch Co. *v.* Moffitt, 58 Neb. 642; 79 N. W. 560; Fremont Carriage Co. *v.* Thomsen (Neb.), 91 N. W. 376; McLeod *v.* Lincoln Medical College (Neb.), 98 N. W. 672.

5. **Procuring the Charter.** — The articles of incorporation must be signed and acknowledged by each of the incorporators (Laws of 1907, chap. 139). After the articles have been thus signed and acknowledged they must be filed in the office of the Secretary of State. Before such copy can be filed the organization tax must be paid, together with the filing fees. Thereupon the corporation becomes a body corporate. The law specifically provides that no body of men acting as a corporation under the provisions of the Business Corporation Act shall be permitted to set up the want of legal organization as a defence to any action brought against them as a corporation; nor shall any person suing on a contract made with such corporation or for an injury to the property of said corporation, be permitted to set up the want of legal organization in defence of said action. The articles of incorporation must also be filed with the county clerk in the county where the corporation's headquarters are to be located (sec. 2083; see also sec. 1988).

6. **Corporate Indebtedness.** — The amount of corporate indebtedness must not exceed two-thirds of the capital stock (sec. 341).

7. **Organization Tax.** — On filing articles of incorporation there shall be paid to the Secretary of State the following fees: Where the capital stock of the proposed corporation is $10,000 or less, the filing fee is $10; where such capitalization is more than $10,000 but does not exceed $25,000, $20; where such

capitalization is more than $25,000 and does not exceed $100,000, $50; where the capitalization is more than $100,000, the filing fee is 50 cents for each additional $1,000 in excess of $100,000 (Laws of 1907, chap. 139).

8. **Filing and Recording Fees.** — There are no fees payable to the Secretary of State for filing articles of incorporation, except the payment of the organization tax. A recording fee, however, of 10 cents per folio of one hundred words is charged. For issuing a certified copy of the articles of incorporation the charge is 10 cents per hundred words and $1 for certificate. For copies of exemplification of records with seal for each one hundred words, 10 cents; for filing certificate of increase of capital stock of any corporation, domestic or foreign, $5; for each one thousand dollars of increase capital stock so certified, 50 cents; for filing certificate of decrease of capital stock, $5; for filing articles of decree of court changing the name of any corporation, $5; for filing amendment to articles of incorporation, $5; for issuing license, $1; The fees for filing in the office of the county clerk average about $3. Publication of notice of intention to incorporate averages from $10 to $15 (Laws of 1907, chap. 139).

9. **Commencing Business.** — Before a corporation can transact any business except its own organization, it must, in addition to adopting articles of incorporation and filing and recording them in the office of the Secretary of State, also file said articles with the county clerk of the county where their headquarters are to be located (sec. 2083). Within four months after filing the articles a notice must be published in a newspaper near the principal place of business for four weeks, setting forth the corporation's name, principal place of business, general nature of the business, amount of capital stock authorized, the time and conditions of payment, time of commencement and termination, highest amount of indebtedness or liability to which the corporation is at any time to subject itself, and by what officers its affairs are to be conducted. It is not necessary, however, for the corporation before commencing business to await the completion of the publication of the notice above referred to (secs. 2086, 2089). In manufacturing corporations the incorporators are *ipso facto* commissioners to open the books for stock subscriptions. When ten per cent of the capital stock is subscribed, such corporations may commence business (sec. 1973). The corporation must organize within one year after its incorporation (sec. 2086).

10. **Organization Meeting.** — Organization meetings must be held within the State. In the case of manufacturing corporations the law provides that the incorporators shall be commissioners to open books for the subscription to the capital stock of said company before the corporation is organized by the adoption of articles of incorporation as set forth above. Immediately after these articles have been adopted the incorporators should meet as stockholders and choose a board of directors of the number designated in the articles. The board of directors shall elect at this meeting the officers and adopt by-laws. The corporation must organize within one year after incorporation (secs. 1971, 1973).

11. **Meetings of Stockholders and Directors.** — In the absence of any statute authorizing the holding of stockholders' meetings outside the State, such meetings should be held within the State. Directors' meetings may be held without the State if the by-laws so provide (sec. 1972).

Haskell *v.* Read (Neb.), 93 N. W. 997.

12. **Directors' Qualifications and Liabilities.** — *a. Qualifications.* The law does not prescribe the number of directors. There are no residential re-

quirements. The directors of manufacturing corporations must be stockholders, and they must elect a president from their own number. (See sec. 1972).

b. Liabilities. — Directors are liable for the illegal payment of dividends (Code of Civ. Pro., sec. 5260; secs. 2098, 2099). They are also liable if they are guilty of any deception as to assets or liabilities (sec. 2098).

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions. If the corporation fails to publish the annual notice of existing debts hereafter referred to, then in case the assets of the corporation are thereafter exhausted, leaving debts unpaid, the stockholders are liable to the amount of stock owned by them for all debts contracted before such notice was given (sec. 2093). If any corporation fails to comply substantially with the provisions of law relative to giving notice and other requisites of organization, then in such case, after the assets of the corporation are first exhausted, the property of stockholders shall be liable for corporate debts to the amount of capital stock owned by them (C. L., sec. 2096). (See also Const., Art. XI. b, sec. 4).

G. & A. Co. *v.* Company, 46 Neb. 333; 64 N. W. 978, 1097; F. L. & T. Co. *v.* Funck, 49 Neb. 353; 68 N. W. 520; Gorder *v.* Connor, 56 Neb. 781; 77 N. W. 383; Brown *v.* Brink, 57 Neb. 606; 78 N. W. 280.

14. **Stock Certificates.** — Every stockholder is entitled to have a stock certificate issued to him signed by such officers as the by-laws may prescribe.

15. **Payment of Capital Stock.** — Neither the Constitution nor the statute prescribes how the capital stock shall be paid in. In the absence of such provision it is implied that it must be paid in in money or money's worth.

G. & A. Co. *v.* Company, 46 Neb. 333; 64 N. W. 978, 1097; Troup *v.* Horback, 53 Neb. 795; Penfield *v.* Company, 57 Neb. 231.

16. **Books.** — Stock books and books of account must be kept at the principal place of business of the corporation within the State, and be open to the inspection of stockholders. The foregoing provision would seem to apply only to manufacturing companies (sec. 1972).

17. **Office.** — Every corporation is required to keep an office within the State (sec. 2088). A copy of the by-laws must be posted in a conspicuous place in the office of the corporation and be open to public inspection (sec. 2092).

18. **Reports.** — Every corporation must give notice annually by publication in a newspaper published in the county where its principal place of business is located of the amount of existing debts. This statement must be signed by the president and a majority of the directors (sec. 2093).

19. **Anti-Trust Statute.** — Under the Act of 1897, chap. 79, all trusts and conspiracies against trade and business as defined in the statute are declared to be illegal and void. See also additional Anti-Trust Acts, Laws of 1907, chaps. 156, 157, 162, sec. 12.

State *v.* Neb. Dis. Co., 29 Neb. 700; 46 N. W. 155.

20. **Preferred Stock.** — There is no express provision in the statute authorizing the issuance of preferred stock.

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited through any violation of the provisions of the General Corporation Act, such as the payment of dividends when the corporation has insufficient funds to meet its liabilities, etc. Repeated acts of misuser or non-user have been held to constitute grounds for forfeiture of franchise (sec. 2100; Code of

Civ. Pro., secs. 5238–5260 inclusive). The charter may be forfeited if the corporation does not organize within one year after its incorporation (sec. 2086).

State *v.* A. & N. R. R. Co., 24 Neb. 143; 38 N. W. 43; State *v.* Nebraska Dis. Co., 29 Neb. 700; 46 N. W. 155; State *v.* Company, 4 Neb. 354.

22. **Annual Franchise Tax.** — There is no annual franchise tax.

23. **Amendments.** — The act does not specify just what amendments to the articles of incorporation may be made. It simply provides that every change in the articles shall be recorded and published in the same manner as original articles are required to be filed and recorded by law (C. L. sec. 2090). Special provision, however, is made in the case of reduction of capital stock. In this regard the law provides that the board of directors may, with the written consent of the persons in whose name a majority of the shares of the capital stock thereof shall stand, reduce the amount of the capital stock to the nominal value of the shares thereof, and issue certificates therefor (sec. 1990).

24. **Dissolution.** — Corporations may be dissolved by consent of two-thirds of the stockholders (sec. 1996; see also secs. 2091, 2101).

Harrington *v.* Connor, 51 Neb. 214; 70 N. W. 911.

25. **Extension of Corporate Existence.** — Provision is made for the extension of corporate existence for companies incorporated for the purpose of erecting any public improvement (secs. 1991, 1992).

26. **Foreign Corporations.** — From and after June 30, 1905, all foreign corporations (except transportation companies), before they may engage in business within the State, must file a statement in the office of the Attorney-General of the State, signed and sworn to by its president, treasurer, or general manager, and a majority of the directors, on or before the 15th day of September in the year 1906, and in each year thereafter, for the year ending June 30 in said year, showing (*a*) The amount of its capital stock. (*b*) The market value of the same. (*c*) How much of the same has been paid in full in cash, or if the same has not been paid in full in cash, what has been received by the said corporation, joint-stock company, or other association in lieu thereof, and the value of whatever shall have been so received by it. (*d*) The names of the officers and directors of such corporation, joint-stock company, or other association, and all agents intrusted with the general management of its affairs. (*e*) The amount which has been paid in dividends during said year, the rate of percentage of such dividends, and times of paying the same. (*f*) A statement of all the stock owned by it, or any other corporation, joint-stock company, or other association, and the number and value of each share in it; the amount of its own capital stock by other corporations, joint-stock companies, or other associations held, and the value thereof, and the amount of stock in other corporations, joint-stock companies, or other associations held in trust for it, or in which it is interested, directly or indirectly, absolutely or conditional, legal or equitable, specifying the corporations, joint-stock companies, or other associations. (*g*) It shall also, on or before the 30th day of June in the year 1906, file in the office of the Attorney-General of this State an undertaking, signed by such officers, general manager, and directors, that they will comply with the provisions of this and all other laws of this State in the management of the affairs of such corporation, joint-stock companies, or associations, and that they accept the provisions and liabilities of this act, and the obligations by it imposed, so long as they shall continue to hold or exercise such office, and shall thereafter, within ten days of their entering upon the duties of such offices, file a like under-

taking, signed by every officer, general manager, or director thereof elected or appointed to such office or employment.

This statement shall be in addition to all statements now or hereafter required by law, or by any other public authority, in this State (Laws of 1905, as contained in Supplement to Cobby's Annotated Statutes of Nebraska, sec. 11,532). In addition to the foregoing every foreign corporation shall, before it is authorized to transact business in the State, make and file a certificate signed by the president or secretary of such corporation, duly acknowledged, with the Secretary of State and in the office of the register of deeds in the county in which its principal place of business in this State is located, designating the principal place where the business of this corporation shall be carried on in this State, and therein naming and appointing an agent or agents in this State, one of whom shall be the auditor of public accounts of the State, who shall in such certificate be designated by his official title, and one of whom shall reside at the principal place of business of said corporation, upon whom service of process in behalf of the corporation may be had. The Secretary of State shall keep a book in which shall be recorded all such certificates and books and addresses to be filed with him, and shall charge and receive from every such foreign corporation 10 cents per folio for recording and transcribing the same (Laws of 1907, chap. 32). Under Laws of 1905, chap. 162, sec. 7, foreign corporations are not permitted to control domestic corporations. The license tax imposed upon foreign corporations is the same as that imposed upon domestic corporations of like capitalization. (See *ante*, sec. 7.)

Schmitt & Bro. Co. *v.* Mahoney, 60 Neb. 20; 82 N. W. 99; Pioneer Savings & Loan Ass'n *v.* Eyer, 62 Neb. 810; 87 N. W. 1058; State *v.* Standard Oil Co., 61 Neb. 28; 84 N. W. 413; State *v.* Fleming (Neb.), 97 N. W. 1063.

NEVADA.

(References below are to the Laws of Nevada, 1903, chap. 88, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Nevada is to be found in the Laws of 1903, chap. 88, secs. 1–114. Under this act corporations may be formed for the transaction of any lawful business, within or without the State, except insurance, surety, or railway companies. These last may be incorporated under the act if formed to transact business exclusively out of the State.

2. **Incorporators.** — Three or more. No residential requirements (sec. 1). See *In re* L. B. Co., 1 San. 349.

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — Similarity of names is forbidden (sec. 4, sub. 1). It must end with "incorporated," or contain one of the following words: "Association," "company," "corporation," "club," "society," or "syndicate" (Id.).

b. Purposes. — Objects for which the company is formed. Any number of purposes may be inserted (sec. 4, sub. 3).

c. Capital Stock. — Not less than $2,000; number of shares and par value thereof, which may be any amount. Amount of subscribed capital stock with which it will begin business not less than $1,000. Amount actually subscribed and amount actually paid up, if any. If preferred stock is to be issued, a description thereof and terms of its creation must be set forth (sec. 4, sub. 4).

d. Duration. — May be perpetual, if desired (sec. 4, sub. 6).

e. Original Subscribers. — The names of each of the original subscribers to the capital stock and the amount subscribed by each (Laws of 1905, p. 51).

f. Directors. — Whether the members of the first governing board shall be styled "directors" or "trustees," and the number thereof, which shall not be less than three (sec. 4, sub. 7).

g. Domiciliary Office. — The location of the principal office within the State, giving the street and number if practicable (sec. 4, sub. 2). If not so described as to be easily located, the Secretary of State shall refuse to issue a certificate until such location is made and established (Laws of 1905, chap. 51).

h. Assessments. — Whether the stock shall be subject to assessments or not after the subscribed price or par value thereof has been paid. Unless assessments are provided for, paid up stock and stock issued as fully paid up is non-assessable, and articles cannot be amended in this respect.

i. Regulation of Internal Affairs. — Any provision for the regulation of the internal affairs of the corporation that may be desired may be inserted (sec. 4, sub. 9).

4. **Statutory Powers.** — The act enumerates the common law powers, and also confers the following additional powers: To vote by proxy, to forfeit stock for non-payment of assessments, to issue preferred stock, to transact business outside of the State, to hold stockholders' and directors' meetings outside of the State, to permit cumulative voting, to appoint an executive committee from the board of directors, to consolidate with other corporations, to issue stock for labor or property, to issue bonds, to remove directors, to dele-

gate the power to directors to adopt by-laws, to surrender charter, to hold stock in other corporations, and to fix number of directors by by-laws (secs. 7–10, 14, 17, 20, 23, 43, 54, 78, 110).

Sutro *v.* Company, 19 Nev. 121; 7 Pac. 271; Bassett *v.* Company, 15 Nev. 293.

5. **Procuring the Charter.** — The corporators must subscribe and acknowledge the articles, after which they must be filed and recorded in the office of the clerk of the county where the principal place of business is to be located. Next, a copy of these articles, certified under the seal of the clerk of said county, must be filed and recorded with the Secretary of State. This official, after payment to him of the organization tax and filing fees, issues a certificate that a copy of the articles containing the required statement of facts has been filed in his office. Thereupon the corporate existence commences (secs. 3, 5, 6). Within thirty days after organization there must be filed with the Secretary of State a certificate of the election of trustees, together with certain details required by sec. 85 of the Code. A certified copy of the articles must be filed in every county in which the corporation holds property or transacts business or to which its office may be removed (secs. 69, 70).

6. **Corporate Indebtedness.** — There is no statutory limitation upon corporate indebtedness. By a two-thirds vote of the stock, corporate bonds may be issued and the board of directors may make the same convertible into common stock (sec. 36). Bondholders may be given the right to vote and to inspect books (sec. 11).

7. **Organization Tax.** — Before incorporation there must be paid to the Secretary of State 10 cents for each thousand dollars of capital stock authorized, but in no case less than $10 (Laws of 1905, chap. 51).

8. **Filing and Recording Fees.** — There is no charge for filing and recording in the Secretary of State's office other than the payment of the organization tax. Neither is any charge made for furnishing certificates of incorporation. The cost of certified copy of charter is 40 cents per folio of one hundred words, and $5 for certificate and seal of State. The charge is only $2 when copy is furnished. In drafting the certificate of incorporation it is always best to have four copies prepared, one for filing in the county clerk's office, one for filing in the Secretary of State's office, one to be certified by law and returned to the incorporators, and one to be filed in the office of the Nevada agent. The charge for filing and recording amendments to articles is $10. The filing and recording fees in local county offices vary according to the population of the county. The filing fee ranges from 15 to 25 cents, and the recording fee from 20 to 30 cents per folio; the cost of affixing certificate to copy ranges from 75 cents to $1. The cost of filing certificate of election of directors, etc., with Secretary of State is $1.

9. **Commencing Business.** — Business may be commenced as soon as the certified copy of articles is filed in the office of the Secretary of State. The time limited by statute within which business must be commenced is two years (sec. 5). Corporate existence cannot be collaterally attacked (sec. 52). A certified copy of the articles must be filed in every county in which the corporation holds property or transacts business, or to which its office may be removed (secs. 69, 70).

10. **Organization Meeting.** — May be held within or without the State. Provision for calling the same is made in the act (secs. 12, 13, and 38). Surviving incorporators are given the right to appoint persons to act in place of deceased incorporators (sec. 38).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings may be held within or without the State, according as the by-laws provide. Voting by proxy permitted. Cumulative voting allowed. Directors' meetings may be held wherever the by-laws provide (secs. 13, 14, 17, 20, and 23).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors. They need not be stockholders. They must take the oath of office. No residential requirements (sec. 4, sub. 7, 9). They are empowered to appoint an executive committee of two or more of their number (sec. 23). The power to adopt by-laws may be delegated to the directors either by making provision therefor in the original articles, or by vote or written assent of two-thirds of the stockholders (sec. 21). Cumulative voting in the election of directors is mandatory unless otherwise prescribed in the certificate of incorporation (sec. 20). Bondholders and secured creditors may be allowed to vote at the election of directors by making provision to that effect in the certificate of incorporation (sec. 11). No stock may be voted at any election for directors which has been transferred on the books of the company within twenty days before such election (sec. 58). Fractions of shares cannot be voted (sec. 17).

b. Liabilities. — Jointly and severally liable where they give out fraudulent reports. Also liable for illegal declaration of dividends or unlawful withdrawal of capital stock, where they consent thereto (secs. 68, 73, 77). They are also liable for corporate debts contracted before filing a certificate of any decrease of capital stock (sec. 42). As to penalty for filing false reports, see Laws of 1907, chap. 60.

13. **Stockholders' Liabilities.** — Stockholders are only liable for debts of the corporation to the extent of their unpaid stock subscriptions (secs. 31, 32). The statutory liability of stockholders or directors of foreign corporations will not be enforced in Nevada (sec. 33). By provision made therefor in the articles of incorporation, full paid stock may be made liable for corporate debts (sec. 4). For non-compliance with law in respect to reduction of capital stock, stockholders are liable for such sums as they receive respectively out of the amount of reduced stock (sec. 42).

Thompson *v.* Bank, 19 Nev. 171; 7 Pac. 870.

14. **Stock Certificates.** — Must be signed by president or vice-president and secretary or treasurer. The statute points out contents of stock certificates (sec. 56; Laws of 1905, chap. 51).

15. **Preferred Stock.** — The act expressly authorizes corporations organized thereunder to create two or more kinds of stock, of such classes and with such designations, preferences, or voting powers as shall be expressed in the certificate of incorporation or in any amendment thereof. At no time, however, may the total amount of preferred stock issued and outstanding exceed two-thirds of the capital stock paid for in cash or property, and such preferred stock may, if desired, be made subject to redemption at any time after three years from the issue thereof at a price not less than par, and the holders thereof shall be entitled to receive and the corporation shall be bound to pay thereon dividends at such rates and on such conditions as shall be stated in the original or amended certificate of incorporation not exceeding ten per cent per annum, payable quarterly, half yearly, or yearly, and such dividends may be payable before any dividend shall be set apart or paid on the common stock. Such dividends may be made cumulative provided the corporation shall set apart

or pay such dividends to the holders of non-cumulative dividends before any dividends shall be paid on the common stock, but in no event shall the holders of any class of stock be personally liable for the debts of the corporation nor for the payment of dividends (sec. 4, sub. 4, sec. 10).

16. **Payment of Capital Stock.** — May be paid for in money, labor, or property (secs. 28, 54, 55, 99).

F. A. N. Co. *v.* Thies, 26 Nev. 158; 65 Pac. 373.

17. **Books.** — Original or duplicate stock ledger must be kept at principal office within the State for inspection of stockholders (sec. 14). There must also be kept at the principal office a copy of the articles of incorporation and of the by-laws (secs. 14, 22, 58, 71). Stockholders and creditors may demand sworn copies of the stock register on payment of expenses (sec. 71). Information must be furnished to creditors relative to stockholdings on affidavit made to the effect that they are such creditors (sec. 72).

18. **Office and Agent.** — Every domestic corporation must maintain a principal office within the State and an agent in charge thereof (secs. 14, 16). The corporate name of such corporation must be printed in a conspicuous place on its principal office in letters sufficiently large to be easily read. Every corporation which shall fail so to do for a period of thirty days, or fail to maintain such office, or fail to have a competent agent in charge thereof, on all business days of the year, shall be subject to a fine of not less than $100 nor more than $500. Failure to comply with this requirement shall render the certificate issued by the Secretary of State void (Laws of 1907, chap. 117).

19. **Reports.** — The only report required is the filing of a certificate of election or changes in the governing board of the corporation. This must be filed within thirty days thereafter in the office of the Secretary of State, giving details required by sec. 85 of the Code (filing fee, $1). The penalty for failure to file the same is a fine of $100 (Laws of 1905, chap. 51). As to penalty for filing false reports, see Laws of 1907, chap. 60.

20. **Anti-Trust Statute.** — There is no anti-trust statute in this State.

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited for failing within two years to organize and commence in good faith the business of promoting the objects or purposes for which the corporation was organized (sec. 51). Also for failure to keep office and agent, etc., in the State for ninety days (Laws of 1905, chap. 51; Laws of 1907, chap. 117); also for failure to keep corporate name conspicuously displayed at said office (sec. 16, as amended by Laws of 1905, chap. 51). *Quo warranto* may be brought by the district attorney of the county, for *ultra vires* acts (C. L. sec. 3873).

22. **Annual License Tax.** — There is no annual license tax.

23. **Amendments.** — The incorporators before the payment of any part of its capital may record with the clerk of the county in which its original certificate of incorporation is recorded, and file with the Secretary of State, an amended certificate duly signed by the incorporators named in the original certificate of incorporation duly acknowledged, amending the original certificate of incorporation in whole or in part (Laws of 1903, chap. 88, sec. 3). Corporations may also correct errors and omissions in the certificate of incorporation in the manner following:

The board of directors shall pass a resolution declaring that such error exists and that such corporation desires to correct the same. A certificate of such case shall be made, signed, and acknowledged by the president and secretary

under the corporate seal. This certificate, together with the written assent in person or by proxy of two-thirds in interest of all of the stockholders of the corporation, shall be filed in the office of the Secretary of State (Laws of 1903, chap. 88, sec. 391).

Corporations may also change the nature of their business, their corporate name, increase their capital stock, change the par value of the shares of their capital stock, change the location of their principal office in the State, change the number of their directors or trustees, create one or more classes of stock, and make such other amendments as may be desired, in the manner following: The board of directors shall pass a resolution declaring that such change or alteration is advisable, and calling a meeting of the stockholders to take action thereon. The meeting shall also be held on such notice as the by-laws provide, and in the absence of such provision upon ten days' notice given personally or by mail; if two-thirds in interest in each class of the stockholders having voting powers and all other persons having like powers shall vote in favor of such amendment, change, or alteration, a certificate thereof shall be signed by the president and secretary under the corporate seal, acknowledged or proved as in the case of deeds of real estate, and such certificate, together with the written assent in person or by proxy of two-thirds in interest of each class of said stockholders and creditors having voting powers, shall be filed in the office of the Secretary of State, and upon the filing of the same, and filing a certified copy of the said certificate of amendment with the county clerk of the county where the corporation has its principal place of business, the certificate or articles of incorporation shall be deemed to be amended accordingly.

The decrease of capital stock may be effected by the retiring or reducing of any class of stock, or by drawing the necessary number of shares by lot for retirement, or by the surrender of each shareholder of his shares and the issuing to him in lieu thereof of a decreased number of shares, or by the purchase at not above par of certain shares for retirement or by retiring shares owned by the corporation or by reducing the par value of shares; and when any corporation shall decrease the amount of its capital stock hereinbefore provided by amendment pursuant to this or the two preceding sections, the certificate decreasing the same shall be published for three weeks consecutively at least once in each week in a newspaper published in the county in which the principal office of the corporation is located, the first publication to be made within fifteen days after the filing of said certificate.

24. **Extension of Corporate Existence.** — Charters may be renewed, if desired (secs. 107, 108).

25. **Dissolution.** — The charter may be surrendered by the incorporators before organization, if desired (sec. 88). By resolution of a board of directors a meeting of the stockholders may be called to vote upon the question of dissolution. Two-thirds in interest of the stockholders or creditors entitled to vote are required to bring about a voluntary dissolution; it may be effected by written consent of nine-tenths interest of secured creditors entitled to vote with stockholders without a meeting (sec. 89). Voluntary dissolutions or receiverships are provided for by statute (secs. 93–98).

26. **Foreign Corporations.** — Every foreign corporation who shall fail or neglect to comply with the provisions of the act shall be subject to a fine of not less than $500 to be recovered in a court of competent jurisdiction, and shall not be allowed to commence, maintain, or defend any action or proceeding in any court of this State until it shall have fully complied with the provisions

of this act, and any person or persons who shall act as agent within this State of any such corporation who shall fail for a period of ten days after the taking effect of this act to comply with the provisions herein, shall also be personally and individually liable to fine of not less than $500; it is hereby made the duty of the Secretary of State as he may be advised that corporations are doing business in contravention of this act, to report them to the governor, who shall instruct the district attorney of the county wherein such corporation has its principal office or place of business, or the Attorney-General of the State, or both, as soon as practicable to institute proceedings to recover the fine or fines provided for in this section (Laws of 1907, chap. 89). Foreign corporations desiring to do business in the State are governed by what is known as the Retaliatory Taxation Law. This provides that such corporation shall pay the same taxes in Nevada that foreign corporations are required to pay in the domicile of the aforesaid foreign corporation. They must also file certified copy of certificate of incorporation with recorder of each county in which they are engaged in business, with a list of officers, duly certified by the proper officers; must appoint a resident agent in this State to receive legal process by certificate filed with the Secretary of State, failing in which process may be served upon the Secretary of State, and must publish an annual report in January and file the same with the county assessors where the business is carried on (secs. 106, 897, 901; Laws of 1901, chap. 108; see also Laws of 1905, chap. 72). Fee for permit and filing fees, $10.

W. G. & S. M. Co. *v.* Baker, 3 Nev. 351; Evans *v.* Lee, 11 Nev. 194; Brooks *v.* Syndicate, 24 Nev. 264, 311; 52 Pac. 575; 53 Pac. 597.

NEW HAMPSHIRE.

(References below are to Public Statutes of New Hampshire, 1891, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of New Hampshire is to be found in the Public Statutes of New Hampshire, 1891, chap. 147, and Laws of 1895, chaps. 1 and 2. Under this act corporations may be formed for the purpose of carrying on any lawful business, excepting banking and life insurance, and the making of contracts for the payment of money at a fixed date or upon the happening of some contingency and the construction and maintenance of railroads and trading stamp corporations, or of companies engaged in the business of issuing, selling, or redeeming trading stamps, coupons, tickets, or other similar devices (Laws of 1905, chap. 70).

2. **Incorporators.** — There must be five or more incorporators of lawful age. There are no residential requirements (chap. 147, sec. 1).

3. **Contents of Articles of Association.** — The articles must set forth:

a. Name. — Similarity of names is forbidden (chap. 147, secs. 2, 3).

b. Purposes. — Object for which the corporation is formed. State officials construe this to authorize incorporation for any number of purposes not provided for by special act (chap. 147, sec. 2 and chap. 148, sec. 2).

c. Domiciliary Office. — Location of principal place of business (chap. 147, sec. 2).

d. Officers. — If desired, statement may be made as to what officers of the corporation are to be provided for in the by-laws (chap. 149, sec. 4).

e. Capital Stock. — Amount thereof. Capitalization shall not be less than $1,000 or more than $5,000,000. Par value not less than $25 nor more than $500 (Laws of 1907, chap. 129; chap. 147, sec. 6).

f. Meeting of Incorporators. — Date and place of organization meeting and waiver of notice thereof (chap. 148, sec. 4).

g. Incorporators. — Names and post-office addresses of the incorporators (chap. 147, sec. 2).

The duration of corporate existence is unlimited, unless a limited term is specially used (chap. 148, sec. 3).

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers, the act authorizes stockholders to vote by proxy, and provides for the forfeiture of stock to the corporation of enough at published sale to pay up on whole for non-payment of assessments. No one can vote on more than one-eighth the whole capital; a stockholder can hold proxies to that extent except in railroad corporations (chap. 148, secs. 1–9 inclusive; chap. 149, secs. 22, 23, 25, 26; Laws of 1901, chap. 68; Laws of 1905, chaps. 61, 111).

5. **Procuring the Charter.** — Articles must be recorded in the office of the clerk of the town in which the business of the corporation is to be carried on, and also in the office of the Secretary of State. The charter fee, if any, must be paid to the State Treasurer at the time articles are filed (chap. 147, sec. 4).

6. **Corporate Indebtedness.** — Debts cannot be contracted exceeding one-half of the value of the corporate property (chap. 150, sec. 4).

C. R. S. Bank *v.* Fiske, 62 N. H. 78, 180.

7. **Organization Tax.** — Corporations formed to carry on business without the State pay the State Treasurer the following fees: If capitalization does not exceed $25,000, $10; from $25,000 to $100,000, $25; from $100,000 to $500,000, $50; from $500,000 to $1,000,000, $100; over $1,000,000, $200. Corporations formed by special act of the legislature, $50 (chap. 14, secs. 5, 6; Laws of 1895, chap. 18, sec. 1). Corporations formed to carry on business and having their principal office within the State, unless incorporated by special act of the legislature, must pay to the State Treasurer a fee of $50 (chap. 14, sec. 6).

8. **Filing and Recording Fees.** — The Secretary of State is entitled to fees for recording articles which average about $1.50. Usually this fee does not exceed $1.50, unless the articles are very long. For certified copy of articles the charge is 25 cents per page for typewriting and 50 cents for the certificate. The charge for recording articles of incorporation in city or town clerks' office does not exceed $1.50, and is often much less.

9. **Commencing Business.** — Corporations may commence business as soon as the charter is filed as required by law and the organization perfected. Business must be commenced within three years from the date of incorporation (chap. 147, sec. 4; chap. 149, sec. 2).

10. **Organization Meeting.** — The organization meeting must be held within the State. This in the absence of any statute expressly authorizing such meeting to be held without the State. (See chap. 148, secs. 4, 5.)

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. Directors' meetings may be held without the State if the by-laws so provide. There is no statute authorizing the holding of stockholders' meetings without the State, and at stockholders' meetings each stockholder may give one vote for each share he owns or has proxies for therein, not exceeding one-eighth part of the whole number of shares (chap. 149, sec. 9; Laws of 1905, chap. 68).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors, one of whom must be a resident of the State, provided the corporation has any stockholders within the State (chap. 149, sec. 4).

b. Liabilities. — Directors are liable for improper loans to the stockholders, for the declaration of illegal dividends, or for permitting contraction of corporate indebtedness beyond the amount limited by law. The directors and treasurer must, within thirty days after the whole amount of capital stock has been paid in, make, subscribe, and file in the office of the clerk of the town where the corporation has its principal place of business a certificate to that effect, under penalty of being liable for all the debts of the company contracted after the expiration of said thirty days and before said certificate shall be so made and filed; they are also liable for all debts of the company contracted while they are in office, if false certificates, returns, or notices are made by them (chap. 150, secs. 2–6, 14, 19). Directors are also individually liable for all debts of the corporation until the annual report is made as required by law (chap. 150, sec. 16).

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions. Stockholders receiving unlawful refund from the capital stock, or knowingly receiving illegal dividends, are individually liable to the amount of such loan, for debts of the corporation then existing or afterwards contracted, until the same is refunded or paid to the creditors of the corporation. They are also liable as partners if the charter is void (chap.

150, sec. 7; chap. 14, sec. 9). Stockholders are liable for all debts and contracts of the corporation until the whole amount of capital shall have been paid in, and a certificate thereof, signed by the treasurer and a majority of the directors, has been filed and recorded with the clerk of the city or town where such corporation has its principal place of business. No note or obligation given by a stockholder shall be considered as payment of any part of the capital stock (chap. 150, secs. 8, 9).

Swan *v.* Burnham, 70 N. H. 580; 49 Atl. 93; March *v.* Eastern R. R., 43 N. H. 516; Smith *v.* Bank of New England, 69 N. H. 251; 45 Atl. 1082; Lancaster Starch Co. *v.* Moore, 62 N. H. 671.

14. **Stock Certificates.** — Each stockholder is entitled to have a certificate issued to him, signed by the treasurer or cashier and such other officer as the by-laws may prescribe. No certificate can be issued until the par value of the shares mentioned in it have been fully paid to the corporation. The par value of the shares must not be less than $25 nor more than $500 (chap. 149, secs. 5, 10).

15. **Preferred Stock.** — Preferred stock is authorized (chap. 149, sec. 8).

16. **Payment of Capital Stock.** — Stock must be paid for in money or money's worth. The statute forbids the payment of capital stock by promissory note. The statute also provides that no shares shall be sold at less than par (chap. 149, sec. 9; chap. 150, sec. 9). No certificate can be issued until the par value of the shares mentioned in it has been fully paid (chap. 149, sec. 10; see also chap. 150, secs. 10, 11).

Libby *v.* Company, 68 N. H. 444; 44 Atl. 602; Lincott *et al. v.* Company, 68 N. H. 260; 44 Atl. 392; Kimball *v.* Company, 69 N. H. 485; 45 Atl. 253.

17. **Books.** — Records of the proceedings of stockholders and directors, and all papers, must be recorded in the office of the clerk of the corporation in the State (chap. 148, secs. 10, 11). Books of account, names and residences, number of shares owned by each stockholder, shall also be kept with the officer authorized to issue stock certificates. All records, accounts, and papers are open to inspection of stockholders (chap. 148, sec. 12).

18. **Office and Agent.** — Every corporation must maintain an office within the State, and a clerk therein to receive process, who shall keep the records of the company (Pub. Stat., chap. 148, secs. 10–12).

19. **Reports.** — Corporations, excepting insurance, railroad, bank, and loan and building associations, shall annually in May make a report to the Secretary of State, and to the clerk of the town in which the principal business is carried on, stating amount of assessments voted and paid in; amount of debts due to and from the corporation, and value of all property and assets of the corporation on the 1st day of May. Non-compliance makes the treasurer and directors individually liable for all debts and contracts (Pub. Stat., chap. 150, sec. 16).

20. **Anti-Trust Statute.** — There is no anti-trust statute. But see Constitution, Art. LXXXII., reading as follows: "The General Court is authorized and directed to pass such laws as will most effectually prevent monopoly, the stifling of competition, the artificial raising of prices and unfair methods of trade; to control and regulate the acts of all corporations doing business within the State, and to prevent their encroachments upon the liberties of the people."

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be declared void for failure to pay the fees required by law or for falsely pretending that the corporation is to carry on its business and have its principal

office within the State for the purpose of avoiding the payment of the charter fee required by law. (See chap. 14, secs. 8–10; Laws of 1892, p. 319.)

State *v.* Baron, 58 N. H. 370; Parsons *v.* Eureka Powder Works, 48 N. H. 66.

22. **Amendments.** — Corporations may change their name, increase or decrease their capital stock, or amend their articles of association in any other respect, by a majority vote of such corporation, at a meeting duly called for that purpose, by recording a certified copy of such vote in the office of the Secretary of State, and in the office of the clerk of the town or city wherein its principal place of business is located (chap. 147, sec. 4; Laws of 1895, chap. 1, sec. 2; Laws of 1897, chap. 49).

23. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence.

24. **Dissolution.** — Stockholders owning one-fourth of the stock may petition in the Superior Court for dissolution. (See P. B., chap. 147, secs. 10–12; see also chap. 148, sec. 18).

School District *v.* Greenfield, 64 N. H. 84; 6 Atl. 484.

25. **Annual License Fee.** — There is no annual license fee.

26. **Foreign Corporations.** — No special requirements exacted to carry on business, except trading stamp companies (Laws of 1905, chap. 83). They need not declare the name of their agent, except foreign insurance companies, who must appoint an insurance commission agent to receive service (chap. 169, sec. 4). May maintain a suit in the State. Foreign corporations doing business in the State must file with the State Librarian on or before January 1st of each year all printed reports of their condition issued by them during the twelve months preceding (Laws of 1895, chap. 3; chap. 148, sec. 20; see chap. 148, sec. 21). Foreign manufacturing companies doing business in the State must make annual May returns, same as domestic corporations.

Lumbard *v.* Aldrich, 8 N. H. 31.

NEW JERSEY.

(The references cited below are to Laws of 1896, chap. 185, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act is to be found in chap. 185, Laws of 1896, and amendments thereto made annually since that time. Special acts are provided for the incorporation of savings banks, building and loan associations, surety, railway, telegraph, telephone, canal, turnpike, banking, safe deposit, and trust companies. The statute, however, provides that corporations may incorporate under the General Act for the purpose of constructing, maintaining, and operating railroads, telegraph and telephone companies outside of the State (Laws of 1907, sec. 12).

2. **Incorporators.** — Three or more persons. There are no residential requirements (sec. 6).

C. R. R. *v.* P. R. R. Co., 31 N. J. Eq. 475; Coddington *v.* Exrs. of Havens, 8 N. J. Eq. 590.

3. **Contents of the Certificate of Incorporation** (sec. 8). — The certificate must set forth:

a. Name. — No name can be used already in use by any existing corporation of the State, or so nearly similar thereto as to lead to uncertainty or confusion. It must be in the English language (sec. 8; Laws of 1897, chap. 274; Laws of 1903, chap. 149). The name insurance, safe deposit, trust company, or bank cannot form part of the name (Laws of 1897, p. 274).

G. S. R. Co. *v.* Company, 22 N. J. L. J. (May, 1899), p. 147; Peck Bros. & Co. *v.* Company, 51 C. C. A. 251.

b. Domicile. — The location of the principal office in the State; street and number must be given if located in a city (sec. 8); also the name of the agent in charge thereof and upon whom process may be served (Laws of 1898, p. 410).

Nicholson *v.* Company, 110 Fed. 705.

c. Purposes. — Any number of objects may be inserted, provided they are not covered by the special acts above referred to (sec. 8; Laws of 1907, chap. 12).

Stewart *v.* Company, 12 N. J. L. J. 110.

d. Capital Stock. — Amount of total authorized capital stock (not less than $2,000), the number of shares into which the same is divided, and the par value of each share (par value may be any amount). The amount of capital with which the corporation will begin business, which cannot be less than $1,000. If there be more than one class of stock, a description of the different classes, with the terms on which the different classes are created, must be set forth (secs. 8, 18).

e. Duration. — May be unlimited, if desired (sec. 8).

f. Provisions for the Regulation of the Internal Affairs of the Corporation. — If desired, provisions may be inserted for the regulation of the business and for the conduct of the affairs of the corporation as well as for creating and defining and limiting or regulating the powers of the corporation, the directors, and the stockholders or any class of stockholders (secs. 8, 11, 12, 17, 34, 47).

The provisions which are hereby specifically authorized by statute are the following: Clauses empowering directors to make and alter by-laws (sec. 11); classifying directors (sec. 12); giving to any class of stock the sole right to choose directors of some specified class (sec. 12); clause regulating the manner of calling and conducting meetings (sec. 17); clauses relating to the voting power of stock, such as providing for cumulative voting in the election of directors, or granting or taking away from preferred stockholders the right to vote in the election of directors (Laws of 1900, chap. 172); clause fixing the number of shares or amount of stock in interest (not more than a majority) necessary to constitute a quorum at a stockholders' meeting; clause providing that any action which now requires the consent of holders of two-thirds of the entire stock at any meeting after notice to them given, or requires their consent in writing to be filed, may be taken upon the consent of, and the consent given and filed by, the holders of two-thirds of the stock of each class represented at said meeting in person or by proxy (sec. 170, as amended by Laws of 1901, chap. 119); clause giving power to directors to fix the amount to be reserved from profits for the payment of dividends (sec. 47); clause giving power to directors to meet without the State (sec. 44).

g. Incorporators. — Names and post-office addresses of the incorporators and the number of shares subscribed for by each. The aggregate amount of stock subscriptions must be equal to the amount of stock with which the corporation will commence business, which renders stock subscriptions necessary to the amount of $1,000 (sec. 8; Laws of 1898, p. 410).

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers, the statute confers the following additional powers: To conduct business in other States and foreign countries; to have one or more offices out of the State; to hold, purchase, mortgage, and convey real and personal property out of the State. Corporations for the construction of railroads, water, gas, or electric works, canals, tunnels, bridges, viaducts, hotels, wharves, piers, etc., may subscribe for, pay for, hold, use, and dispose of stock or bonds in any corporation for the purpose of constructing, maintaining, and operating works of a similar character, and the directors of such corporations may accept in payment of stock subscriptions real or personal property necessary for the purposes of such corporation, or work, labor, and services performed or materials furnished to or for such corporation, to the amount of the value thereof, and issue full-paid stock in payment thereof. All classes of corporations which may be incorporated under the General Act are given express power to purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of the shares of the capital stock or any bonds, securities, or evidences of indebtedness created by any corporation of New Jersey or any other State, and while the owner of such stock to exercise all the rights, powers, and privileges of ownership, including the right to vote thereon. Other enumerated powers are the right to vote by proxy, to issue preferred stock, to lease its property and franchises to another corporation, to extend the corporate existence, to consolidate with other corporations, to dissolve itself, to enforce a lien upon the stock of its members for debts due the corporation, to sell stock subscribed for for non-payment of stock subscriptions, and to provide for cumulative voting in the election of directors. Power to adopt by-laws may be delegated to the directors by inserting a clause to that effect in the charter. Directors may also be given power to fix amount of profits to be reserved as working capital. A corporation may acquire and hold its own shares (secs. 1–3, 7, 11, 17, 18, 29,

34, 36, 38, 48, 49, 51, 104, 105; Laws of 1899, p. 334; Laws of 1900, p. 418; Laws of 1902, p. 217; Laws of 1905, chap. 263).

Hilles *v.* Parrish, 14 N. J. Eq. 380; M. T. & T. Co. *v.* D. T. & T. Co., 44 N. J. Eq. 568; 14 Atl. 907; Berger *v.* U. S. Steel Corporation, 63 N. J. Eq. 809; 53 Atl. 68; State *v.* Mansfield, 23 N. J. L. 510; Ellerman *v.* Company, 49 N. J. Eq. 217; State R. R. Co. *v.* Hancock, 35 N. J. L. 537; State *v.* Rohlffs, 19 Atl. Rep. 1099; C. S. Co. *v.* Company (N. J.), 55 Atl. 876.

5. **Procuring the Charter.** — The certificate of incorporation must be proved or acknowledged as required for deeds of real estate. If acknowledged without the State, the officer taking the acknowledgment must procure a county clerk's certificate of his appointment. The certificate, together with two copies thereof, should be taken to the office of the clerk of the county wherein the principal office of the corporation within the State is to be established. The clerk will then keep one of the copies for the purpose of recording the same, and will endorse upon the original and the other copy, certificates that they have been filed in his office. Then the original is filed in the office of the Secretary of State, and a duplicate copy with the county clerk's certificate endorsed thereon can be used by the Secretary of State for the purpose of furnishing the incorporators with a certified copy of the certificate of incorporation (secs. 8, 9).

E. G. L. Co. *v.* Green, 49 N. J. Eq. 329; 24 Atl. 560; Stockton *v.* Company, 55 N. J. Eq. 352.

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of indebtedness which a corporation may incur.

7. **Organization Tax.** — Twenty cents for each thousand dollars of capital stock authorized, but never less than $25.

8. **Filing and Recording Fees.** — To the Secretary of State for recording the certificate of incorporation, 10 cents per folio, with a minimum charge of $1. For issuing certified copy of the certificate of incorporation, where same is furnished for that purpose, $1. For filing report of officers and directors, $1. Fee to county clerk for recording certificate of incorporation, 25 cents per folio of one hundred words (Laws of 1904, chap. 148).

9. **Commencing Business.** — Before any corporation can begin business, at least $1,000 of capital stock must be subscribed, and before it can incur debts the said $1,000 shall, within the discretion of the board of directors, be paid in either money or property. The law requires the president and secretary or treasurer, upon payment of each instalment of capital stock, or every increase thereof, to file in the Secretary of State's office within ten days thereafter a certificate stating the amount paid in in cash or in property, and the amount previously paid. There is no penalty attached for failure to comply with this provision, but officers neglecting or refusing to do so, for a period of thirty days after written request served on them by any stockholder, shall be jointly and severally liable for all debts contracted before said filing (secs. 25, 26). The act provides that a certificate of election of directors and officers must be filed in the office of the Secretary of State within thirty days from the election (sec. 43; see *post*, sec. 19).

Stout *v.* Zulick, 48 N. J. L. 599.

10. **Organization Meeting.** — Must be held within the State. The law provides that where one or more of the incorporators shall die before the corporation is organized, the survivors may in writing designate other persons who may take the place of the deceased incorporators in the organization (sec.

115). The first meeting of every corporation shall be called by a notice signed by a majority of the incorporation, designating the time, place, and purpose of the meeting, which notice shall be published at least two weeks before the meeting in some newspaper of the county where the corporation is established; or said first meeting may be called without publication if two days' notice be personally served on all the incorporators; or if all the incorporators shall, in writing, waive notice and fix a time and place of meeting, no notice or publication shall be required.

Babbitt *v.* Company, 1 Stew. Dig. p. 208, § 13.

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State at the registered office. Directors' meetings may be held without the State, if the by-laws so provide (sec. 44).

Elkins *v.* Company, 36 N. J. Eq. 467; *In re* Election of St. L. S. Co., 44 N. J. L. 529; Chapman *v.* Bates, 61 N. J. Eq. 658; C. & A. R. R. Co. *v.* Elkins, 37 N. J. Eq. 273; Loewenthal *v.* Company, 52 N. J. Eq. 440; Schwarzwalder *v.* Tegen, 58 N. J. Eq. 319; Kreissel *v.* Distilling Co., 47 Atl. Rep. 471.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The minimum number of directors in New Jersey is three, one of whom must be a resident of the State. All directors must be stockholders, the number of shares to be fixed by the charter or by the by-laws. They may be classified, if desired. Cumulative voting may be provided for in the certificate of incorporation, if desired (secs. 12, 36, 39; Laws of 1900, p. 418). An executive committee may be provided for by inserting provision therefor in the certificate of incorporation (sec. 3, sub. 7). The power to make by-laws may be delegated to the board of directors (sec. 11).

Collier *v.* Company (N. J.), 57 Atl. 417.

b. Liabilities. — The directors are jointly and severally liable for paying dividends out of capital or for reducing the same. They are also liable for not making and publishing notice of decrease of capital; for failing to display name of the company at the principal office, and for failure to allow inspection of books or to furnish a list of stockholders at elections; also for failure to file certificate of payment of capital stock within thirty days of written notice so to do. They are also liable for making loans to stockholders (secs. 25, 26, 32, 33, 45, 48; Laws of 1898, p. 410; Laws of 1903, p. 362; Laws of 1904, chap. 143). They are also liable for making false reports, and for other breaches of trust (secs. 30, 33). Absent or dissenting directors may relieve themselves from liability by entering their dissent in the corporate minutes at the time or when they have notice of any such unlawful act on the part of other members of the board, such entry to be followed by publication of a true copy of dissent within two weeks thereafter in a newspaper of the county in which the principal office of the corporation is located (sec. 30). They are jointly and severally liable to a fine of $200 for failure to display the name of the corporation at the principal office (sec. 45). Officers are liable for making certificates or publications materially false (secs. 32, 52).

Williams *v.* Boice, 38 N. J. Eq. 364; Loewenthal *v.* Company, 52 N. J. Eq. 440; P. L. F. Co. *v.* Buck, 52 N. J. Eq. 279; Ellerman *v.* Company, 49 N. J. Eq. 217; Titus *v.* Company, 37 N. J. L. 98; Wells *v.* Company, 19 N. J. Eq. 402; Fearing *v.* Glenn, 73 Fed. Rep. 116; International Bank *v.* Faber, 86 Fed. Rep. 443; M. T. Co. *v.* D. T. Co., 44 N. J. Eq. 568; Weinburg *v.* Company, 55 N. J. Eq. 640; *In re* A. A. Griffing Iron Co., 63 N. J. L. 168; Kearney *v.* Andrews, 10 N. J. Eq. 70; Matter of S. L. S. Co., 44 N. J. L. 529.

13. **Stockholders' Liabilities.** — Stockholders are personally liable to

creditors to the amount of unpaid stock held by them where the capital stock is insufficient to meet the corporate debts and obligations.

Nat. Trust Co. *v.* Miller, 33 N. J. Eq. 155; Wetherbee *v.* Baker, 35 N. J. Eq. 501; Bickley *v.* Schlag, 46 N. J. Eq. 533; 20 Atl. 250; Hood *v.* McNaughton, 54 N. J. L. 425; 24 Atl. 497; Bank *v.* Hendrickson, 40 N. J. L. 52; C. L. Company *v.* C. H. Co., 57 N. J. Eq. 627; Hebberd *v.* S. C. Co., 55 N. J. Eq. 18; Williams *v.* Boice, 38 N. J. Eq. 364.

14. **Stock Certificates.** — Stock certificates must be signed by the president and treasurer (sec. 19).

L. G. Co. *v.* Smith, 51 Atl. Rep. 152.

15. **Preferred Stock.** — The right to create preferred stock must be reserved either in the original charter or in a certificate of amendment thereto. At no time must the total amount of preferred stock issued and outstanding exceed two-thirds of the capital stock paid in in cash or property. The preferred stock may, if desired, be made subject to redemption at any time after three years from the issue thereof at not less than par. No dividend exceeding eight per cent per annum, payable yearly, half yearly, or quarterly, can be paid thereon. Dividends may be made cumulative or non-cumulative as desired (sec. 18; see also Laws of 1902, p. 217, sec. 2). Preferred stock may be made convertible into bonds, if desired (Laws of 1902, p. 217).

Elkins *v.* Company, 36 N. J. Eq. 233; McGregor *v.* Company, 33 N. J. Eq. 181; Pronick *v.* Company, 58 N. J. Eq. 97; Smith *v.* Company, 58 N. J. Eq. 331; Berger *v.* U. S. Steel Corp., 63 N. J. Eq. 809; 53 Atl. 68; State *ex rel.* Smith *v.* Company, 52 Atl. Rep. 23; Mayer *v.* Atty.-Gen., 32 N. J. Eq. 815.

16. **Payment of Capital Stock.** — Nothing but money shall be considered as payment of any part of the capital stock of any corporation except in the following cases: Any corporation formed under the provisions of the General Act may purchase mines and manufactories or other property necessary for its business, or the stock of any company or companies owning mines or manufactories, or purchase materials or other property necessary for its business, and issue stock to the amount of the value thereof in payment therefor, and stock so issued shall be fully paid and non-assessable and not liable to any further call. In the absence of actual fraud in the transaction the judgment of the directors as to the value of the property shall be conclusive (secs. 48, 49). Within ten days after the payment of the capital stock a certificate of such payment, signed and verified by the president and secretary or treasurer, must be filed with the Secretary of State. All officers neglecting to make such certificate, after written request so to do by a creditor or stockholder, are jointly and severally liable for all debts contracted before the filing of such certificate (secs. 25, 26). As to payment of capital stock in public service corporations, see Laws of 1906, chap. 331.

G. I. U. Co. *v.* L'Anson's Exrs., 42 N. J. L. 10; 43 N. J. L. 442; N. J. M. Ry. *v.* Strait, 35 N. J. L. 322; Downing *v.* Potts, 25 N. J. L. 66; Nassau Bank *v.* Brown, 30 N. J. Eq. 478; Waters *v.* Quimby, 27 N. J. L. 296; 28 N. J. L. 533; Donald *v.* Company, 48 Atl. Rep. 771; P. T. F. Co. *v.* Buck, 52 N. J. Eq. 219; E. N. Bank *v.* Company (N. J.), 60 Atl. 51; Clevenger *v.* Moore (N. J.), 58 Atl. 88.

17. **Books.** — The books of the corporation, except the stock and transfer books, may be kept outside the State, if the by-laws or the certificate of incorporation so provide (secs. 33, 44). The two books mentioned are open to the inspection of stockholders.

State *ex rel.* O'Hara *v.* Nat. Biscuit Co., 54 Atl. 241; Downing *v.* Potts, 23 N. J. L. 66; Matter of S. L. S. Co., 44 N. J. L. 529; Rosenfield *v.* Einstein, 46 N. J. L. 479; Fuller *v.* Company, 61 N. J. Eq. 648; Mitchell *v.* Company, 24 Atl. Rep. 407; Huylar *v.* Company, 42 N. J. Eq. 139.

18. **Office and Agent.** — Every corporation must maintain its principal office within the State, and have an agent in charge thereof, wherein shall be

kept the stock and transfer books of the corporation. The name of the corporation must be at all times conspicuously displayed at the entrance of such office (secs. 44, 45; Laws of 1897, p. 175; Laws of 1898, p. 410).

Hilles *v.* Parrish, 14 N. J. Eq. 380; Coe *v.* Company, 31 N. J. Eq. 105.

19. **Reports.** — Within thirty days after the first election of officers, and thereafter within thirty days after the annual election, a report must be filed in the office of the Secretary of State, signed either by the president and one other officer, or by two directors, setting forth the name, registered office within the State, and agent in charge thereof, business authorized, capital stock and amount actually issued and outstanding, names and addresses of officers, terms thereof, and the date of the next annual election. It must also state whether the name of the company has been at all times displayed at the entrance of its registered office, and whether it has kept at its registered office a transfer book and stock book containing the names and addresses of the stockholders and the number of shares held by them. In addition to the foregoing the corporation must on or before the 1st day of May make a report as of January 1st preceding, signed by the president or treasurer, showing the amount of stock actually issued and outstanding as of that date as well as the amount of authorized stock, and whether payment has been made therefor in cash or property (secs. 43, 43 a; Laws of 1898, p. 410; Laws of 1901, chap. 9, p. 31). Every report must set forth the location of the principal office in the State, and the name of the agent in charge thereof upon whom process may be served (sec. 43). A certificate of payment of capital stock signed by the president and secretary or treasurer must be filed within ten days after such payment (sec. 25).

20. **Anti-Trust Statute.** — There is no anti-trust statute in force in New Jersey. (See as to decision of courts relative to what agreements are valid and what not, Trenton Potteries Co. *v.* Olyphant, 58 N. J. Eq. 507 (1897); Meredith *v.* Company, 55 N. J. Eq. 211 (1897); 56 N. J. Eq. 454 (1897); Elleman *v.* Company, 49 N. J. Eq. 217 (1891).)

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited in New Jersey upon the following grounds: For failure to comply with a court order requiring corporate books to be brought within the State; for non-payment of the annual franchise tax (sec. 44; Laws of 1896, p. 319; Laws of 1904, chap. 219; Laws of 1905, chap. 259).

22. **Amendments.** — Before the payment of any part of the capital stock incorporators are permitted to record with the clerk of the county in which the original certificate of incorporation is recorded and filed, and with the Secretary of State, an amended certificate duly signed and acknowledged by all the incorporators modifying, changing, or altering the original certificate of incorporation in whole or in part. The charge for filing and recording this amendment is $20 (sec. 26 a; see also Laws of 1899, p. 174).

To change the nature of the business, the corporate name, increase or decrease the capital stock, change the par value of the shares, change the location of the principal office of the corporation within the State, to extend corporate existence, or to create one or more classes of preferred stock, the following method of procedure must be adopted: First, the board of directors must pass a resolution declaring that such amendment is advisable and calling a meeting of the stockholders to take action thereon. The meeting must be held upon such notice as the by-laws provide, and in the absence of such provision, upon ten days' notice given personally or by mail. If two-thirds in interest of each

class of the stockholders having voting powers shall vote in favor of such amendment, a certificate thereof shall be signed by the president and secretary under the corporate seal, acknowledged or proved as in the case of deeds of real estate, and such certificate, together with the written assent in person or by proxy, of two-thirds in interest of each class of such stockholders, shall be filed in the office of the Secretary of State, and upon the filing of the same the certificate of incorporation shall be deemed to be amended accordingly (sec. 27; see also sec. 134).

Special provision is made in the case of change of location of office or decrease of capital stock. The law provides that the board of directors may change the location of the principal office by resolution adopted at a regular or special meeting of said board by the vote of at least two-thirds of the members of such board. No certificate, however, is required to be filed in the case of the removal of any office from one point to another in the same town or city in the State. The foregoing provision generally covers cases where it is desired to change the resident agent in charge of the office. Upon the adoption of a resolution as aforesaid, a copy thereof must be filed in the office of the Secretary of State signed by the president and secretary of the corporation and sealed with its corporate seal. For filing this certificate the Secretary of State charges a fee of $5 (sec. 28 a; Laws of 1897, p. 175).

Decrease of capital stock may be effected by the retiring or reducing any class of the stock, or by drawing the necessary shares by lot for retirement, or by the surrender by every shareholder of his shares and the issuance to him in lieu thereof of a decreased number of shares, or by the purchase at not above par of certain shares for retirement, or by retiring the shares owned by the corporation, or by reducing the par value of the shares. The certificate reducing the capital stock must be published for three weeks successively, at least once in each week, in a newspaper published in the county in which the principal office of the corporation is located, the first publication to be made within fifteen days after the filing of such certificate (sec. 29).

Meredith *v.* Company, 59 N. J. Eq. 257; 60 N. J. Eq. 445; Pronick *v.* Company, 58 N. J. Eq. 97; Donald *v.* Company, 48 Atl. Rep. 771; Way *v.* Company, 60 N. J. Eq. 263.

23. **Extension of Corporate Existence.** — May be extended by compliance with the statute for any period desired (secs. 27, 119; Laws of 1903, chap. 205).

N. L. Lead Co. *v.* Dickinson (N. J.), 57 Atl. 138.

24. **Dissolution.** — Voluntary dissolution of the corporation requires a majority vote of directors and written assent of two-thirds in interest of the stock. If the written assent of all the stockholders is obtained, a meeting for the purpose of voting upon the question of dissolution is unnecessary (sec. 31; Laws of 1900, p. 316). The incorporators also have power to dissolve the corporation before capital is paid in and business commenced (sec. 32).

Benedict *v.* Company, 49 N. J. Eq. 23.

25. **Annual Franchise Tax.** — An annual franchise tax is imposed upon all domestic business corporations at the rate of one-tenth of one per cent on all amounts of capital stock issued and outstanding up to and including the sum of $3,000,000. On all sums of capital stock issued and outstanding in excess of $3,000,000, and not exceeding $5,000,000, the tax is one-twentieth of one per cent, and the further sum of $50 per annum per $1,000,000 or any part thereof on all amounts of capital stock issued and outstanding in excess of

$5,000,000. Any shares of stock either fully paid or partly paid in cash or by property purchased, whether issued or otherwise, shall be deemed to be shares of stock issued and outstanding until such shares or any substitute therefor shall have been retired and actually cancelled (Laws of 1906, chap. 19). Manufacturing or mining corporations are exempt from the payment of the annual franchise tax provided at least fifty per cent of their capital stock issued and outstanding is invested in mining or manufacturing carried on within the State, and provided also that they shall state in their annual returns to the State Board of Assessors the location of such mine or manufacturing establishment, the grade of the ores mined, or the goods manufactured, the total amount of the capital stock embarked in such business, and the amount of capital stock actually employed in New Jersey in carrying on such business. If any manufacturing or mining company carrying on business in the State shall have less than fifty per cent of its capital stock issued and outstanding invested in business carried on within the State, such company shall pay the annual license fee or franchise tax herein provided for companies not carrying on business in the State, and shall be entitled in the computation of such tax to a deduction from the amount of its capital stock issued and outstanding of the assessed value of its real and personal estate so used in manufacturing or mining (Laws of 1906, chap. 19).

N. C. Co. *v.* Assessors, 53 N. J. L. 564; E. P. Co. *v.* Assessors, 55 N. J. L. 55; E. P. T. Company's Case, 51 N. J. Eq. 71; E. U. P. Co. *v.* Assessors, 57 N. J. L. 520; S. B. Co. *v.* Assessors, 60 N. J. L. 66; 61 N. J. L. 289; Printing Co. *v.* Assessors, 51 N. J. L. 75; E. J. Ass'n *v.* Assessors, 47 N. J. L. 36.

26. **Foreign Corporations.** — Must file copy of charter with the Secretary of State attested by its president and secretary under its corporate seal, and a statement attested in like manner of the amount of its capital stock authorized, and the amount actually issued, the character of the business which it is to transact in the State and designating its principal office in the State, and an agent who shall be a domestic corporation or a natural person of full age, actually resident in the State, together with his place of abode, upon whom process may be served. For filing copy of charter and statement in the Secretary of State's office, the fee is $10 (sec. 114). The fee for recording certificate of incorporation of foreign corporations is 10 cents per folio of one hundred words. They must also file the same reports required of them in their domiciliary State, if any, before they are allowed to transact business therein. They must pay the same license tax as is required by the laws of such domiciliary State, of New Jersey corporations. Annual reports are also required (Laws of 1897, p. 124; Laws of 1904, chap. 221; Laws of 1896, secs. 43, 97–99, 100). Foreign corporations are expressly exempt from the provisions of law as to keeping stock and transfer books within the State (sec. 43).

D. & H. Canal Co. *v.* Mahenbrock, 63 N. J. L. 281; 43 Atl. 978; Del., etc. Co. *v.* Pensauken, 116 Fed. 910; Faxon Co. *v.* Lovett, 60 N. J. L. 128; A. N. & T. Co. *v.* Gintlens, *et al.*, 21 N. J. L. 190; Man, etc. Loan Ass'n *v.* Massareli, 42 Atl. Rep. 284; Benton *v.* City of Elizabeth, 61 N. J. L. 411; 61 N. J. L. 693.

NEW MEXICO.

(Unless otherwise stated, references below are to the Territorial Assembly Laws of 1905, chap. 79.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of New Mexico is to be found in chap. 79 of the Territorial Laws of 1905, approved March 15, 1905. Under it corporations may be formed for any lawful purpose or purposes whatsoever, except for the construction and operation of railroads, telegraph lines, express companies, savings banks, banks, building and loan associations, insurance, surety, and irrigation companies. Corporations may, however, be incorporated for the purpose of constructing, maintaining, and operating railroads, telegraph lines, express companies, or any of the other excepted purposes above enumerated, for the purpose of transacting business outside of the Territory (sec. 5).

2. **Incorporators.** — Any number not less than three. There are no residential requirements (sec. 5). If before incorporation one of the incorporators dies, the survivors may in writing designate another person or persons to take the place or places of the deceased incorporator (sec. 121).

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — There cannot be more than one corporation of the same name (sec. 7).

b. Domiciliary Office. — The location (town or city and street number, if number there be) of its principal office within the Territory (sec. 7), and the name of the agent therein and in charge thereof, upon whom process against the corporation may be served.

c. Purposes. — Any number of purposes not covered by special act are permitted (sec. 7).

d. Capital Stock. — The amount of the total authorized capital stock of the corporation, which cannot be less than $3,000; the number of shares into which the same is divided, and the par value of each share; the amount of the capital stock with which it will commence business, which cannot be less than $2,000, and if there be more than one class of stock created by the certificate of incorporation a description of the different classes with the terms on which they are created (sec. 7).

e. Incorporators. — The names and post-office addresses of the incorporators and the number of shares subscribed for by each. The aggregate of said subscriptions shall be the amount with which the company will begin business, and must be at least $2,000.

f. Duration. — The number of years, if any, limited for the duration of the company. The maximum duration is fifty years (sec. 7).

g. Directors. — The number of directors, not less than three, and the names of those who are to act as such for the first three months (sec. 16).

h. Regulation of Internal Affairs. — The certificate of incorporation may also contain any provision which the incorporators may choose to insert for the regulation of the business and for the conduct of the affairs of the corporation, and any provision creating, defining, limiting, and regulating the powers

of the corporation, the directors, and the stockholders, or any class or classes of stockholders (sec. 7).

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers, the following additional powers are granted: To conduct business in other States and foreign countries; to confer upon directors power to alter by-laws; to classify directors; to authorize voting by proxy; to issue preferred stock; to convert preferred stock into bonds; to issue bonds convertible into common stock; provide for cumulative voting; to hold stock in other corporations; to consolidate with other corporations; to appoint an executive committee; to lease its property to other corporations; to forfeit stock for non-payment of assessments (secs. 1, 2, 11, 24–26 inclusive, 40, 57, 58, 112, 114, 124).

5. **Procuring the Charter.** — The certificate of incorporation must be signed in person or by attorney in fact, by all of the subscribers to the capital stock named therein. It must be acknowledged in the same manner as is required for deeds of real estate, and must be filed in the office of the Secretary of the Territory. A copy thereof duly certified by the Secretary of the Territory must be recorded in a book to be kept for that purpose in the office of the recorder of the county, where the principal office of said company shall be established, and thereupon corporate existence commences (secs. 5, 7, 8, 9). Within twenty days after the filing of the same, a certified copy of the certificate of incorporation (and certificate of stockholders' non-liability, if any) shall be published in some newspaper of general circulation in the county where the principal office of the corporation is located. Proof of such publication shall be filed with the Secretary of the Territory within twenty days after the date of the last publication, and upon failure to comply with this provision for a period of twenty days thereafter, the said corporation shall forfeit the right to do business in the Territory, and be fined in the sum of not less than $100 for such failure (sec. 135).

6. **Corporate Indebtedness.** — There is no limitation upon the amount of indebtedness which corporations may incur.

7. **Organization Tax.** — Ten cents for each thousand dollars of total authorized capital, but in no case less than $25 (sec. 119).

8. **Filing and Recording Fees.** — The Secretary of the Territory is entitled to no fees for filing and recording the certificate of incorporation other than the payment of the organization tax. The payment of this fee also entitles the corporators to a certificate of incorporation. The charge for certified copy of certificate of incorporation is ten cents per hundred words for making copy and $1 for the certificate. For filing increase of capital stock, 10 cents for each thousand dollars of the total increase authorized, but in no case less than $20; consolidation and merger of corporations, 10 cents for each thousand dollars of capital stock authorized, beyond the total authorized capital of the corporation consolidated, but in no case less than $20. For filing change of name, change of nature of business, amended certificates of organization, decrease of capital stock, increase or decrease of par value or number of shares, $20; for filing certificate of change of location of principal office, $5; for filing list of officers and directors, $1; recording fees in recorder of deeds' office, 10 cents a folio for the first ten folios of one hundred words, and 10 cents a folio for all over (sec. 119); for filing certificate in same office, 50 cents. Cost of publication averages about $12.

9. **Commencing Business.** — Corporations may commence business as

soon as the certificate of incorporation is filed, as required by law. The law provides that the president and secretary or treasurer upon payment of the capital stock, and of every increase thereof, shall make a certificate stating the amount of capital so paid, whether paid in cash or by the purchase of property, and stating also the total amount of capital stock, if any, previously paid and reported. This certificate after being signed and sworn to by the president and secretary or treasurer is within ten days after such payment to be filed in the office of the Secretary of the Territory (sec. 27). There is no absolute penalty for failure to comply with this provision, but officers neglecting or refusing to do so for a period of thirty days after written request served on them by any stockholder, are jointly and severally liable for all debts contracted before such filing.

10. **Organization Meeting.** — The organization meeting must be held within the Territory. If all of the incorporators shall in writing waive notice and fix a time and place for the meeting, no notice or publication shall be required (sec. 15). At the organization meeting the president must be elected (who must also be a member of the board of directors), and a secretary and treasurer. The secretary must be sworn and the treasurer must give such bond as may be provided for by the by-laws (sec. 12). The officers must be elected either by the stockholders or directors as the by-laws provide.

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the Territory (secs. 16, 37–46 inclusive, and sec. 50). Directors' meetings may be held within or without the Territory as the by-laws may provide (sec. 50).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors who must be stockholders. One director must be a resident of the Territory, and directors may be classified into not more than five classes, according to the length of their term. The directors may by authority conferred in the by-laws, or by the certificate of incorporation, appoint an executive committee to act for and in the name of the board of directors (secs. 11, 44). Cumulative voting for directors may be provided for in the certificate of incorporation (sec. 40).

b. Liabilities. — Directors are liable for the illegal declaration of dividends, and for the unlawful reduction of capital, unless they enter their dissent from such action at length upon the minutes of the meetings of the board of directors, and causing a true copy of such dissent to be published within two weeks after the same shall have been so entered, in a newspaper published in the county where the corporation has its principal place of business (secs. 33, 34). Directors are also forbidden to make loans to stockholders or officers of the corporation, and are liable for making false certificates (secs. 54, 59). Any officer neglecting or refusing to file the certificate required by law relative to the payment of capital stock within thirty days after written request so to do by a creditor or stockholder of the corporation, is jointly and severally liable for all debts contracted before the filing of such certificate. Directors are liable for failure to publish certificates of decrease of capital stock (sec. 33). Any officer who refuses to exhibit books or list of stockholders forfeits $200 for each offence, and directors by such refusal render themselves ineligible to office at next election (sec. 37). Directors are also ineligible to re-election by reason of failure to file annual report within thirty days after demand by the Territorial Secretary (sec. 48).

13. **Stockholders' Liabilities.** — Stockholders are personally liable to

creditors to the amount of unpaid stock held by them where the capital stock is insufficient to meet the corporate debts and obligations (sec. 22). Even this liability may be avoided by filing with the certificate of incorporation a separate certificate signed and executed in the same manner as in the case of the original certificate of incorporation, declaring that there shall be no stockholders' liability on account of any stock issued. This certificate must be filed in the office of the Secretary of the Territory at the same time as the certificate of incorporation, and must be likewise certified and recorded in the office of the county recorder. To obtain the benefit of such a certificate, however, both the certificate of incorporation together with the declaration of nonliability of stockholders must be published in the manner provided by law (sec. 23). After this is done, stockholders in any corporation are only liable for the amount of the capital certified to have been actually paid in property or cash at the time of the commencement of business. (See also secs. 96–98.)

14. **Stock Certificates.** — Each stockholder is entitled to a certificate showing the number of shares owned by him and signed by the president and secretary (sec. 20).

15. **Preferred Stock.** — Corporations may issue two or more kinds of stock of such classes and with such distinctions and preferences and voting powers as shall be stated and expressed in the certificate of incorporation, or any certificate of amendment thereof. At no time, however, can the total amount of the preferred stock issued and outstanding exceed two-thirds of the capital stock paid in in cash or property. The preferred stock may if desired be subject to redemption at any fixed time after the issue thereof at a price not less than par, and the holders thereof shall be entitled to receive and the corporation shall be bound to pay thereon dividends at such rates and on such conditions as shall be stated in the original or amended certificate of incorporation, not exceeding ten per cent per annum, payable quarterly, half yearly, or yearly. Such dividends may be made cumulative if desired. Preferred stockholders are expressly exempted from liability for debts of the corporation, and in case of insolvency the corporation's debts or other liabilities must be paid in preference to the preferred stock (sec. 18). Preferred stock may be made convertible into bonds if desired (sec. 19).

16. **Payment of Capital Stock.** — The law provides that nothing but money shall be considered as payment of any part of the capital stock except in the case of the purchase of property (sec. 54). The law, however, specifically provides that any corporation formed under the act may purchase mines, manufactories, or other property necessary or proper for its business, or the stock of any company or companies owning mines and manufacturing or producing materials or other property necessary or proper for its business, and issue stock to the amount of the value thereof in payment therefor, and the stock so issued shall be full paid stock and not liable to any further call, neither shall the holders thereof be liable for any further payment under any of the provisions of this act, and in the absence of fraud in the transaction the judgment of the directors as to the value of the property purchased shall be conclusive; and in all statements and reports of the corporation to be published or filed this stock shall not be stated or reported as being issued for cash paid to the corporation, but shall be reported in this respect according to the fact (secs. 55, 57). The law provides that the president and secretary or treasurer, upon payment of the capital stock and of every increase thereof, shall make a certificate stating the amount of the capital stock so paid, whether paid in cash

or by the purchase of property, and stating also the total amount of capital stock, if any, previously paid and reported. This certificate, after being signed by the president and secretary or treasurer, and sworn to by the above officers, is within ten days after such payment to be filed in the office of the Secretary of the Territory (sec. 27).

17. **Books.** — Stock and transfer books must be kept at the principal and registered office of the corporation in the Territory (sec. 37). These books must be open to the examination of any stockholder during business hours. Any officer having charge of such books and refusing or neglecting to exhibit the same to a stockholder during the usual hours for business, shall for such offence forfeit the sum of $200. The law provides, however, that no stockholder or other person shall have the right to inspect such books for any improper purpose or any purpose not connected with the business of the corporation (sec. 37). All other books excepting the stock and transfer books may be kept outside of the Territory if desired (sec. 50).

18. **Office and Agent.** — The corporation must set forth in its certificate of incorporation the name of its agent therein, the one in charge of its registered office within the State and upon whom process against the corporation may be served. The office designated in the certificate shall be deemed the office and post-office address of the corporation (secs. 49 and 50). The maintenance of this office is made obligatory upon the corporation. (See sec. 50.) The law also requires the name of every corporation at all times to be conspicuously displayed at the office of the corporation in the Territory (sec. 51).

19. **Reports.** — All corporations, both foreign and domestic, must file in the office of the Secretary of the Territory within thirty days after the first election of officers and directors, and annually thereafter, within thirty days after the time appointed for holding the annual election of directors, a report, authenticated by the signatures of the president and one other officer, or by any two directors of the company, stating: (1) Name of the corporation. (2) The specific location of its registered office in the Territory and the name of the agent upon whom process against the corporation may be served. (3) The character of its business. (4) The amount of its authorized capital stock, if any, and the amount actually issued and outstanding. (5) The names and addresses of all the directors and officers of the company and when the term of office of each expires. (6) The date appointed for the next annual meeting of the stockholders for the election of directors. If such report is not made and filed, the Secretary of the Territory is entitled to a fee of $1 for notifying the corporation of such delinquency, and if the report is not made and filed within thirty days after such notice, the corporation shall forfeit to the Territory $25 (sec. 48, as amended by Laws of 1907, chap. 41). The law further provides that if the report is not so made and filed, all directors of any domestic corporation wilfully refusing to comply with the law and who are in office during the default shall at the time appointed for the next election, and for a period of one year thereafter, be rendered ineligible for the election or appointment to any office in the corporation (sec. 48, also sec. 49). The law provides that the president and secretary or treasurer, upon payment of the capital stock and of every increase thereof, shall make a certificate stating the amount so paid, whether paid in cash or in the purchase of property, and stating also the total amount of capital stock, if any, previously paid and reported. This certificate, after having been signed and sworn to by the above officers, is

within ten days after such payment required to be filed in the office of the Secretary of the Territory.

20. **Anti-Trust Statute.** — Trusts, pools, combinations having for their object the restriction of trade or commerce or the control of the quantity and price of any article of manufacture or product of the soil or mine, is declared to be illegal. (Compiled Laws of New Mexico, 1897, secs. 1292–1294 a, as amended by Laws of 1907, chap. 18.)

21. **Statutory Grounds for Forfeiture of Charter.** — All charters are subject to repeal by the legislatures (sec. 3). Also in case the corporation fails to comply with the order of any court calling for the producing of stock and transfer books for the inspection of those authorized to see the same, the charter of such corporation may be declared forfeited by the court making such order (sec. 50). The right to do business within the territory may be forfeited for failure to comply with the provisions as to publication of certificate of incorporation and filing proof thereof (sec. 135).

22. **Amendments.** — The incorporators before the payment of any part of its capital stock may file with the Secretary of the Territory and record a certified copy thereof in the office of the recorder of the county in which its principal place of business is located, an amended certificate duly signed by all the incorporators named in the original certificate of incorporation modifying or changing the original certificate in whole or in part (sec. 29).

Corporations may also change the nature of their business, change their name, increase or decrease their capital stock, change the location of their principal office, and make such other amendment as may be desired in manner following:

The board of directors shall pass a resolution declaring that such change or alteration is advisable and calling a meeting of the stockholders to take action thereon. The meeting may be held upon such notice as the by-laws provide, and in the absence of such provision upon twenty days' notice either personally or by mail. If two-thirds in interest of each class of the stockholders having voting powers shall vote in favor of such amendment, a certificate thereof shall be signed and acknowledged by the president and secretary under the corporate seal, and such certificate, together with the written assent in person or by proxy of two-thirds in interest of each class of the stockholders, or the affidavit of the president and secretary that the assent of two-thirds in interest of each class of stockholders is given to such amendment, shall be filed in the office of the recorder of the county in which the principal place of business of such corporation is located, and in the office of the Secretary of the Territory (sec. 30). The board of directors may change the location of the principal office of such corporation within the Territory to any other place within the Territory by resolution adopted at a regular or special meeting of such board by the vote of at least two-thirds of the members thereof. No certificate, however, is necessary in case of removal of the office from one point to another in the same town or city. Upon the adoption of the resolution as aforesaid, a copy thereof shall be filed in the office of the Secretary of the Territory, signed by the president and secretary under the seal of the corporation, and a certified copy thereof shall be recorded in the office of the recorder of the county in which its principal place of business is located as changed (sec. 32).

Special provision is made in case it is desired to decrease capital. This may be effected by retiring or reducing any class of the stock, or by drawing the necessary shares by lot for retirement, or by the surrender by every share-

holder of his shares and the isssue to him in lieu thereof of a decreased number of shares, or by the purchase at not above par of certain shares for retirement, or by retiring the shares owned by the corporation, or by reducing the par value of shares. The certificate relative to the decrease of capital stock must be published for three weeks successively at least once in each week in a newspaper published in the county in which the principal office of the corporation is located, the first publication to be made within fifteen days after the filing of such certificate, and in default thereof the directors of the corporation shall be jointly and severally liable for such sums as they shall respectively receive of the amount so reduced (sec. 33).

23. **Extension of Corporate Existence.** — Corporate existence may be extended to any period of time desired by complying with the statute in such case made and provided. (See sec. 30).

24. **Dissolution.** — Corporations may be dissolved by any corporation before the paying in of capital stock either in whole or in part (sec. 36). Dissolution after organization and the paying in of all the capital stock may only be had by application to the courts (secs. 60 to 67 inclusive). Corporations may surrender the charter before payment of any part of the capital stock (sec. 36). Corporations may be voluntarily dissolved by unanimous written consent of the stockholders or by vote of two-thirds of the stock at any special meeting called for that purpose. Such action or consent must be duly certified to the Territorial Secretary and the certificate of dissolution be duly published.

25. **Annual License Tax.** — There is no annual license tax imposed.

26. **Foreign Corporations.** — Every foreign corporation before transacting business in the Territory must file in the office of the Secretary thereof a certificate of its charter certified by the proper authority of the foreign State or country and a statement of the amount of its capital stock authorized, and the amount actually issued, the character of the business which is to be transacted in the Territory, and the agent therein, who must be a domestic corporation or a natural person of full age actual resident in the Territory, together with the last place of abode, upon which agent process against said corporation may be served. Upon the filing of such copy and statement the Secretary of the Territory shall issue to such corporation a certificate that it is authorized to transact business in the Territory (sec. 102). Within thirty days after the filing of the above, the charter must be published in some newspaper of general circulation in the county wherein resides the agent of the foreign corporation upon whom process may be served. Proof of such publication must be filed with the Secretary of the Territory within twenty days after the date of the last publication (sec. 135). Penalties are provided to the extent of $200 for each offence (secs. 103 and 105; see also secs. 99, 100, 101, 104, and 106). Foreign corporations must file annual reports as are required of domestic corporations. The Secretary of the Territory charges foreign corporation for filing articles, 10 cents per thousand dollars of its authorized capital with a minimum charge of $25; for filing statement naming agent, $5; for making certified copy of statement naming agent, $1.50; for filing proof of publication, $5; for filing annual report after the first year, $1.

NEW YORK.

(The reference below, B. C. L., refers to Business Corporation Law, chap. 567, Laws of 1890, as amended by Laws of 1892, chap. 691. The reference G. C. L. refers to General Corporation Law, Laws of 1890, chap. 563, as amended by Laws of 1892, chap. 687. The reference S. C. L. refers to Stock Corporation Law, chap. 564, Laws of 1890, as amended by Laws of 1892, chap. 688.)

1. **Statutes under which Business Corporations may incorporate.** — The General Corporation Act is to be found in the Laws of 1890, chap. 563, and the acts amendatory thereof passed since that time. Reference must also be had to what is known as the Stock Corporation Law, embodied in the Laws of 1890, chap. 564, and subsequent amendments thereto. Finally, reference must also be had to the Business Corporation Act as embodied in the Laws of 1890, chap. 567, and amendments thereto. Parties may incorporate for any lawful business purpose or purposes. Special acts are provided for railway, banking, navigation, stage-coach, tramway, pipe-line, gas, electric light, water works, telegraph, telephone, turnpike, plank road and bridge companies, banks, insurance, savings and loan associations, mortgage, loan, safe deposit and investment companies. (See Laws of 1890, chap. 565, as amended by Laws of 1892, chap. 676; Laws of 1892, chap. 689; Laws of 1890, chap. 566; Laws of 1892, chap. 690; Laws of 1907, chap. 177, 310, and 975). Chapter 646 of the Laws of 1907 provides that three or more persons may become a stock corporation for any lawful business purposes or purpose, other than a monied corporation or a corporation provided for by the banking, insurance, and transportation laws or a technical institution or corporation which may be incorporated as provided in the university law.

2. **Incorporators.** — Three or more adult persons. Two-thirds must be citizens of the United States and at least one a resident of the State of New York (B. C. L., sec. 2; G. C. L., sec. 4).

In re N. Y. L. E. & W. R. R. Co., 35 Hun, 220; 99 N. Y. 12; King *v.* Barnes, 109 N. Y. 267.

3. **Contents of Certificate of Incorporation** (Laws of 1903, chap. 525). — The certificate must set forth:

a. Name. — The name must not conflict with that of any existing domestic corporation or of any foreign corporation authorized to do business in the State. The words "trust," "bank," "banking," "insurance," "assurance," "title," "indemnity," "guaranty," "guarantee," "savings," "investment," "loan," or "benefit," cannot be used (G. C. L., sec. 6; B. C. L., sec. 2; Laws of 1904, chap. 110; Laws of 1907, chap. 115).

De Long *v.* De Long Hook & Eye Co., 89 Hun, 399; Am. Tartar Co. *v.* Am. Tartar Co., 57 App. Div. 411; People *ex rel.* U. S. Grand Lodge *v.* Payn, 161 N. Y. 229; People *ex rel.* Blossom *v.* Nelson, 46 N. Y. 477; People *ex rel.* Davenport *v.* Rice, 68 Hun, 24; People *ex rel.* N. Y. Phonograph Co. *v.* Rice, 128 N. Y. 591; People *ex rel.* Eickemeyer Field Co. *v.* Rice, 138 N. Y. 614.

b. Purposes. — Any number of objects may be inserted provided they are not covered by the special acts above referred to (B. C. L., sec. 2).

Wilson *v.* Tennent, 61 App. Div. 100; People *ex rel.* Fairchild *v.* Preston, 140 N. Y. 549; U. S. Vinegar Co. *v.* Foehrenbach, 148 N. Y. 58; Chapman *v.* Lynch, 156 N. Y. 551.

c. Capital Stock. — Amount of total authorized capital stock not less than $500. If any proportion be preferred stock, the preference thereof must be set

forth (B. C. L., sec. 2; S. C. L., sec. 47). A provision may be inserted authorizing the issue of the whole or any part of the capital stock as partly paid stock, subject to calls thereon until the whole thereof shall have been paid in. In such case, by inserting upon the stock certificate the amount paid thereon, the holder is exempt from any liability thereon, except for the payment to the corporation of the amount remaining unpaid upon such stock and for the statutory liability to employees (S. C. L., sec. 48; Laws of 1901, chap. 354).

d. Shares. — Number of shares with the par value, which must not be less than $5 nor more than $100 (B. C. L., sec. 12; Laws of 1903, chap. 525).

e. Amount of Capital with which the Corporation will begin Business. — This must not be less than $500 (B. C. L., sec. 2).

f. Domicile. — State the village or town in which the principal business office is to be located (B. C. L., sec. 2, as amended by Laws of 1903, chap. 525). If in New York City, state the borough (Laws of 1903, chap. 525).

People *ex rel.* Knickerbocker Press *v.* Barker, 87 Hun, 341; 147 N. Y. 715; People *ex rel.* Edison Electric Light Co. *v.* Barker, 91 Hun, 594.

g. Duration. — May be perpetual if desired (B. C. L., sec. 2).

h. Directors. — Number and names of directors. There must be not less than three directors, and the names and post-office addresses of the directors for the first year must be set forth (B. C. L., sec. 2; G. C. L., sec. 29).

Hamilton Trust Co. *v.* Clemes, 163 N. Y. 423; McDowell *v.* Sheehan, 129 N. Y. 200; Davidson *v.* Westchester Gas Light Co., 99 N. Y. 558.

i. Stock Subscriptions by Incorporators. — Names and post-office addresses of the incorporators, and a statement of the numbers of shares of stock subscribed for by each (B. C. L., sec. 2).

Buffalo & Jamestown R. R. Co. *v.* Gifford, 87 N. Y. 294; Yonkers Gazette Co. *v.* Taylor, 30 App. Div. 334.

j. Provisions for the Regulation of the Internal Affairs of the Corporation. — The certificate may contain any other provision for the regulation of the business and the conduct of the affairs of the corporation and any limitation upon its powers or upon the powers of its directors and stockholders which does not exempt them from any obligation or from the performance of any duty imposed by law (B. C. L., sec. 2; Laws of 1903, chap. 525; see also G. C. L., sec. 10). The provisions which are hereby specifically authorized by statute are the following: clauses permitting the corporation to cumulate votes in the election of directors (G. C. L., 20); clause permitting corporations to hold and dispose of stocks and bonds of other corporations (S. C. L., sec. 40); clause allowing the issuance of partly paid stock (S. C. L., sec. 62); clauses for the classification of directors (S. C. L., sec. 20); clause permitting directors' meetings to be held within or without the State (B. C. L., sec. 2); clauses requiring the consent of more than two-thirds in interest of the stockholders to extend corporate existence (G. C. L., sec. 32; as amended by Laws of 1905, chap. 256); clause delegating to directors the right to adopt by-laws (B. C. L., sec. 2; G. C. L., sec. 29); clause permitting the corporation to transact business in other States and Territories (G. C. L., sec. 14); clause permitting directors to fix a quorum at less than a majority of the board (G. C. L., sec. 29. See also Laws of 1904, chap. 446). The Secretary of State permits the insertion of the following clause relative to the appointment of an executive committee, to wit "The board of directors may, by means of a resolution adopted by a majority of the whole board at a meeting duly called for that purpose, designate —— directors to constitute an executive committee, which committee shall have and exer-

cise all the powers and rights of the full board of directors in the management of the business and affairs of the corporation which may be lawfully delegated."

Under the authority of Sheridan E. L. Company *v.* Bank, 127 N. Y. 517, and Alcott *v.* Company, 27 N. Y. 546, there can be no doubt that the board may delegate its authority to such a committee.

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers (G. C. L., sec. 11), the statute confers the following additional powers:

To purchase, hold, and dispose of the stock and bonds and other evidences of indebtedness of any other corporation (S. C. L., sec. 40).

Also to issue in exchange therefor its own stock and bonds if authorized so to do by a provision in the certificate of incorporation; or, without such provision in the certificate, if the corporation whose stock is so purchased is engaged in a business similar to that of the holding corporation, or engaged in the manufacture, use, or sale of the property, or in the construction or operation of works necessary or useful in the business of such holding corporation or in which or in connection with which the manufactured article, produce, or property of the holding corporation may be used, or is a corporation with which the latter is authorized to consolidate (S. C. L., sec. 40).

To vote by proxy (G. C. L., sec. 21).

To issue preferred stock (S. C. L., sec. 47).

To enforce a lien upon the stock of its members for debts due the corporation (S. C. L., sec. 40).

To sell stock subscribed for non-payment of stock subscriptions (S. C. L., sec. 43).

To acquire or dispose of property in other States or foreign countries (G. C. L., sec. 14).

To consolidate with other corporations organized to carry on any kind of business of the same or a similar nature which a corporation organized under the General Act might carry on (S. C. L., sec. 3; S. C. L., sec. 58; B. C. L., secs. 4, 8, 9, 10, 11, 12).

To provide for cumulative voting (G. C. L., sec. 20).

To delegate the right to directors to adopt by-laws (B. C. L., sec. 2; G. C. L., sec. 29).

To fix a quorum of directors less than a majority of the board (G. C. L., sec. 29).

To classify directors (S. C. L., sec. 20).

To issue stock in exchange for property (S. C. L., sec. 42).

To sell all the corporate assets (S. C. L., sec. 58; S. C. L., sec. 33).

To guarantee bonds of other domestic corporations engaged in the same line of business (S. C. L., sec. 40).

Voting trusts limited to five years are permitted (G. C. L., sec. 20).

To borrow money and mortgage and pledge the corporate assets (S. C. L., sec. 2; Laws of 1905, chap. 745; see also generally G. C. L., sec. 19).

5. **Procuring the Charter.** — The certificate of incorporation must be acknowledged by each of the incorporators before some officer authorized to administer oaths. It must then be filed and recorded in the office of the Secretary of State. A certified copy of the certificate or a duplicate original, together with the receipt of the State Treasurer for payment of the organization tax, must be filed and recorded in the office of the county clerk of the county where

the principal place of business of the corporation is to be located (B. C. L., sec. 2; G. C. L., sec. 4, 5).

People *ex rel.* Blossom *v.* Nelson, 46 N. Y. 477; Raisbeck *v.* Oesterricher, 4 Abb. New Cases, 434; People *ex rel. v* Rice, 128 N. Y. 591; 28 N. E. 251; Lamming *v.* Galusha, 81 Hun, 247; 30 N. Y. S. 767; aff'd 151 N. Y. 648; 45 N. E. 1032; Union S. Co. *v.* City of Buffalo, 82 N. Y. 351; N. Y. Car Oil Co. *v.* Richmond, 6 Bosw. 213; Western Transportation Co. *v.* Schen, 19 N. Y. 408; Oswego Starch Factory *v.* Olloway, 21 N. Y. 449; Jessup *v.* Carnegie, 80 N. Y. 441; Eaton *v.* Aspinwall, 19 N. Y. 121; Card *v.* Moore, 68 App. Div. 327; People *v.* O'Brien, 101 App. Div. 296; 91 N. Y. Sup. 649.

6. **Corporate Indebtedness.** — There is no limitation upon the amount of indebtedness which a corporation may incur. The capital stock cannot, however, be reduced below the amount of the corporation's debts and liabilities (S. C. L., sec. 44). All corporate mortgages except purchase-money mortgages must be consented to by the holders of not less than two-thirds of the capital stock of the corporation, which consent shall be given either in writing or by vote at a special meeting of the stockholders called for that purpose upon the same notice as is required for the annual meeting of the corporation, and a certificate under the seal of the corporation that such consent was given by the stockholders in writing or that it was given by a vote at a meeting as aforesaid, shall be subscribed and acknowledged by the president or vice-president and by the secretary or assistant secretary of the corporation, and shall be filed and recorded in the office of the clerk or register of the county wherein the corporation has its principal place of business. When authorized by such consent, the directors may confer on the holders of any debt secured by such mortgage the right to convert the principal thereof after two, and not more than twelve years after the date of the mortgage into stock of the corporation (S. C. L., sec. 2).

Strong *v.* R. R. Co., 93 N. Y. 426.

7. **Organization Tax.** — One-twentieth of one per cent upon the amount of capital stock which the corporation is authorized to have, and a like tax upon any subsequent increase. This tax is due and payable upon the incorporation of such corporation. Neither the Secretary of State nor the County Clerk where the certificate of incorporation is filed is permitted to file the same until they have been furnished a receipt showing the payment of the organization tax from the State Treasurer, and no such corporation shall have or exercise any corporate franchises or powers, nor carry on business in the State until such tax shall have been paid. In case of a decrease of capital stock upon which the tax required by law has been paid, and the subsequent increase thereof, a tax shall be paid only upon so much of such increase as exceeds the amount of capital stock upon which the tax has been before paid. In case of the consolidation of existing corporations into a corporation, such new corporation shall be required to pay the tax herein provided for only upon the amount of its capital stock in excess of the aggregate amount of capital stock of such corporations (Laws of 1906, chap. 524).

People *ex rel.* Eickemeyer Field Co. *v.* Rice, 138 N. Y. 614; People *v.* R. R. Co., 129 N. Y. 474; People *v.* R. R. Co., 129 N. Y. 651; *In re* C. K. C. S. & R. Co., 13 App. Div. 50.

8. **Filing and Recording Fees.** — To the Secretary of State for filing certificate of incorporation, $10; for recording, 15 cents per folio; for certified copy of articles, 15 cents per folio, and $1 additional for certificate, under the Great Seal of the State; for recording certificate of payment of capital stock, 15 cents per folio; to the County Clerk for filing certificate, 6 cents, and for recording, 10 cents per folio. For recording certificate of consolidation, $10 (Laws of 1907, chap. 213).

9. **Commencing Business.** — At least $500 of stock must be subscribed before the corporation may begin business. Before any corporation can incur debts the amount of capital specified in the certificate of incorporation as the amount of capital with which the corporation will begin business must have been paid in, either in money or in property. One-half of the stock must be paid in, either in money or property, within one year. Within thirty days after such payment a certificate duly signed and verified by a majority of the directors and the president or vice-president and the secretary or treasurer must be filed with the Secretary of State and with the clerk of the county in which the principal office is located. If one-half the capital is not paid in within one year, the charter is subject to forfeiture (B. C. L., sec. 5). The charter is subject to forfeiture if use is not made of the corporate franchises within two years after incorporation (B. C. L., secs. 2, 3; S. C. L., sec. 42; G. C. L., sec. 31).

People *v.* B. S. & C. Co., 131 N. Y. 140; People *v.* U. & D. R. R. Co., 128 N. Y. 240; Denike *v.* N. Y., etc. Lime Co., 80 N. Y. 599; Matter Brooklyn El. R. R. Co., 125 N. Y. 434; Hardman *v.* Sage, 124 N. Y. 25; Vedder *v.* Mudgett, 95 N. Y. 295; Brown *v.* Smith, 13 Hun, 408; 80 N. Y. 650.

10. **Organization Meeting.** — The organization meeting must be held within the State, and within two years after the date of incorporation (G. C. L., sec. 31). At this meeting all the incorporators and stockholders should sign written waivers of notice of the meeting and consent to the holding of the same. If such waivers cannot be obtained, notices of the organization meeting, will have to be given in the same manner as is provided by statute relative to calling annual meeting of stockholders (G. C. L., sec. 39; S. C. L., sec. 20). At the organization meeting of the directors the inspectors of the first election of directors and of all previous meetings of the stockholders prior to the annual meeting, shall be appointed by the board of directors named in the certificate of incorporation (S. C. L., sec. 28).

11. **Meetings of Stockholders and Directors.** — While there are no statutory requirements as to holding either stockholders' or directors' meetings within the State, it is the general practice as well as unquestionably the only safe practice to hold all stockholders' meetings within the State. (See Ormsby *v.* Company, 56 N. Y. 623.) Directors' meetings, however, may be held without the State by making provision to this effect in the by-laws. (Laws of 1904, chap. 446.)

The corporation may by its by-laws fix the amount of stock which must be represented at meetings of the stockholders in order to constitute a quorum (G. C. L., sec. 11). Unless otherwise provided in the certificate of incorporation, every stockholder of record of a stock corporation shall be entitled at every meeting of the corporation to one vote for every share of stock standing in his name on the books of the corporation; and at every meeting of a non-stock corporation, every member, unless disqualified by the by-laws, shall be entitled to one vote. The stockholders of a stock corporation, by a by-law adopted by vote at any annual meeting, or at any special meeting duly called for such purpose, may prescribe a period not exceeding forty days prior to meetings of the stockholders, during which no transfer of stock on the books of the corporation may be made. Except in cases of express trust or in which other provision shall have been made by written agreement between the parties, the record holder of stock which shall be held by him as security, or which shall actually belong to another upon demand therefor and payment of necessary expenses thereof, shall issue to such pledgor or to such actual owner of

such stock a proxy to vote thereon. The certificate of incorporation of any stock corporation may provide that at all elections of directors of such corporation, each stockholder shall be entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of directors to be elected, and that he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two of them as he may see fit, which right, when exercised, shall be termed cumulative voting. The stockholders of a corporation heretofore formed, who, by the provisions of laws existing on April 30, 1891, were entitled to the exercise of such right, may hereafter exercise such right according to the provisions of this section. A stockholder may, by agreement in writing, transfer his stock to any person or persons for the purpose of vesting in him or them the right to vote thereon for a time not exceeding five years upon terms and conditions stated, pursuant to which said person or persons shall act; every other stockholder, upon his request therefor, may by a like agreement in writing also transfer his stock to the same person or persons, and thereupon may participate in the terms, conditions, and privileges of such agreement; the certificates of stock so transferred shall be surrendered and cancelled, and certificates therefor issued to such transferee or transferees in which it shall appear that they are issued pursuant to such agreement; and in the entry of such transferee or transferees as owners of such stock in the proper books of said corporation that fact shall also be noted, and thereupon he or they may vote upon the stock so transferred during the time in such agreement specified; a duplicate of every such agreement shall be filed in the office of the corporation where its business is transacted and be open to the inspection of any stockholder daily, during business hours. No member of a corporation shall sell his vote or issue a proxy to vote to any person for any sum of money or anything of value. The books and papers containing the record of membership of the corporation shall be produced at any meeting of its members, upon the request of any member. If the right to vote at any such meeting shall be challenged, the inspectors of election or other persons presiding thereat shall require such books, if they can be had, to be produced as evidence of the right of the person challenged to vote at such meeting, and all persons who may appear from such books to be members of the corporation may vote at such meeting, in person or by proxy, subject to the provisions of this chapter (G. C. L., sec. 20, as amended by Laws of 1892, chap. 687, and Laws of 1901, chap. 355).

Every member of a corporation, except a religious corporation, entitled to vote at any meeting thereof may so vote by proxy. No officer, clerk, teller, or bookkeeper of a corporation formed under or subject to the banking law shall act as proxy for any stockholder at any meeting of any such corporation. Every proxy must be executed in writing by the member himself or by his duly authorized attorney. No proxy hereafter made shall be valid after the expiration of eleven months from the date of its execution unless the member executing it shall have specified therein the length of time it is to continue in force, which shall be for some limited period. Every proxy shall be revocable at the pleasure of the person executing it; but a corporation having no capital stock may prescribe in its by-laws the persons who may act as proxies for members, and the length of time for which proxies may be executed (G. C. L., sec. 21).

If the directors shall not be elected on the day designated in the by-laws or by-law, the corporation shall not for that reason be dissolved, but every di-

rector shall continue to hold office and discharge his duties until his successor has been elected (G. C. L., sec. 23).

The directors of every stock corporation shall be chosen at the time and place fixed by the by-laws of the corporation by a plurality of the votes at such election. Each director shall be a stockholder unless otherwise provided in the certificate, or in a by-law adopted by a stockholders' meeting. Vacancies in the board of directors shall be filled in the manner prescribed in the by-laws. Notice of the time and place of holding any election of directors shall be given by publication thereof at least once in each week for two successive weeks immediately preceding such election, in a newspaper published in the county where such election is to be held, and in such other manner as may be prescribed in the by-laws. Policy holders of an insurance corporation shall be eligible to election as directors. At least one-fourth in number of the directors of every stock corporation shall be elected annually (S. C. L., sec. 20). Inspectors of election shall be appointed in the manner prescribed in the by-laws. No director or officer of a monied corporation shall be eligible or act as an inspector. Each inspector shall be entitled to receive a reasonable compensation for his services, to be paid by the corporation, and if any inspector shall refuse to serve or neglect to attend at the election, or his office become vacant, the stockholders may appoint an inspector in his place unless the by-law otherwise provide. The inspectors appointed to act at the meeting of the stockholders shall, before entering upon the discharge of their duty, be sworn to faithfully execute all the duties of inspectors at said meeting with strict impartiality and according to the best of their ability, and the oath so taken shall be subscribed by them, and immediately filed in the office of the clerk of the county in which such election shall be held with the certificate of the result of the vote taken thereat (S. C. L., sec. 28).

Ormsby *v.* V. C. M. Co., 26 N. Y. 623.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — Minimum number of directors under the statute are three. At least one-fourth of them must be elected annually. They must all be stockholders unless otherwise provided in the certificate of incorporation or in the by-laws. At least one of them must be a resident of New York (B. C. L., sec. 2; G. C. L., sec. 29; S. C. L., sec. 20). They may be classified if desired. Inspectors of elections are provided for (S. C. L., sec. 28). Cumulative voting is permitted if authorized by the certificate of incorporation (G. C. L., sec. 20). Directors have power to adopt by-laws for their own government subject to the provisions of the by-laws adopted by the stockholders; this too, in the absence of express power to that effect conferred in the certificate of incorporation (G. C. L., secs. 11, 29). In the certificate of incorporation power may be given to the directors to adopt all by-laws for the government of the corporation (B. C. L., sec. 2; G. C. L., sec. 10; Laws of 1903, chap. 525). Unless otherwise provided by law, a majority of the board of directors of a corporation at a meeting duly assembled shall be necessary to constitute a quorum for the transaction of business, and the act of a majority of the directors at a meeting at which a quorum shall be present shall be the act of the board of directors. The stockholders may in the by-laws fix the number of directors necessary to constitute a quorum at a number less than a majority of the board, but at least equal to one-third of such board (G. C. L., sec. 29). The act provides that no by-law adopted by the board of directors regulating the election of directors or officers shall be valid unless

published for at least once a week for two successive weeks in a newspaper in the county where the election is to be held and at least thirty days before such election (G. C. L., sec. 11; see Wood *v.* Knapp, 100 N. Y. 10).

Marshall *v.* Ind. Federation, 84 N. Y. Sup. 866; Joseph *v.* Raff, 176 N. Y. 611; 68 N. E. 1118.

b. Liabilities. — Directors are jointly and individually liable to the corporation and its creditors for making unauthorized dividends or for withdrawing or in any way paying to the stockholders or any of them any part of the capital or for reducing the capital stock in any unauthorized way, the loss sustained by any such unlawful action being the measure of their liability (S. C. L., sec. 23; such action is also a misdemeanor under the Penal Code, sec. 591). But any director absent from the meeting where such unlawful action was taken, or if present, causing his dissent from such action to be entered on the minutes at large, is not liable therefor (S. C. L., sec. 23).

Directors and officers are jointly and severally personally liable for making loans to stockholders, for discounting any note or other evidence of debt for stockholders, or for receiving the same in payment in whole or in part due or to become due on any stock in the corporation, or for receiving or discounting any note or other evidence of debt to enable any stockholder to withdraw any part of the money paid in by him on his stock (S. C. L., sec. 25). The directors and officers involved shall jointly and severally be personally liable to the extent of such loan and interest for all debts of the corporation contracted before payment of the said loan, and to the full amount of the notes and other evidences of debt so received or discounted with interest from the time such liability accrued (S. C. L., sec. 25). Such unlawful action is also a misdeameanor under Penal Code, sec. 594.

Directors and officers making transfers of the corporate property to officers, directors, or stockholders for the payment of debt or in inducement of insolvency, or in event of insolvency, with intent to prefer or defraud creditors, shall be personally liable to the stockholders and creditors of the corporation to the full extent of any loss sustained (S. C. L., sec. 48).

Directors and officers are also jointly and severally personally liable for any reports or published notice made by them which shall be false in any material respect, to the amount of damage sustained by the stockholders or creditors acting upon the faith thereof. Action must be brought within two years from the time any such report was so made (S. C. L., sec. 31). Directors and officers making or concurring in such false reports are guilty of a misdemeanor (Penal Code, sec. 611). Any officers or directors having custody or control of the stock-books of the corporation wilfully neglecting or refusing to make any proper entry as required by law or refusing an inspection thereof to any person entitled by law to inspect the same, are guilty of a misdemeanor (Penal Code, sec. 611).

A director is deemed to have such knowledge of the corporate affairs as to enable him to determine whether any act, proceeding, or omission of the board to which he belongs is in violation of the Penal Code relating to directors, and if in violation thereof he must, to prevent or escape liability therefor, cause or in writing require his dissent to be entered on the minutes of the directors. Or, if absent from the particular meeting, he will nevertheless be held liable for any violations of the Penal Code occurring thereat — if they appear upon the minutes — unless he ceases being a stockholder within six months thereafter or otherwise causes or requires his dissent to be entered on the minute within that period

(Penal Code, sec. 614). Officers neglecting or refusing to make annual report within ten days after written request by a stockholder or creditor shall forfeit to the people the sum of $50 for every day they shall neglect or refuse (S. C. L., sec. 30). Under section 1781 of the Code of Civil Procedure, as amended by Laws of 1907, chap. 157, actions may be maintained against the directors of a business corporation (1) compelling them to account for their official conduct including any neglect or failure to perform their duties in the management and disposition of the funds and property committed to their charge; (2) compelling them to pay to the corporation which they represent or to its creditors any money and the value of any property which they have acquired to themselves or transferred to others, or lost or wasted by or through any neglect or failure to perform, or by other violation of their duties.

United Growers' Co. *v.* Eisner, 22 App. Div. 1; Chem. Nat. Bank *v.* Colwell, 132 N. Y. 250; Beardsley *v.* Johnson, 121 N. Y. 224; *In re* Newcomb, 42 St. Rep. 442; Matter of Elias, 17 Misc. 718; Sinclair *v.* Fuller, 158 N. Y. 607.

13. **Stockholders' Liabilities.** — Stockholders are personally liable to creditors to an amount equal to the amount of unpaid stock held by them for debts of the corporation contracted while such stock was held by them, and are jointly and severally liable for all debts due or owing to laborers or servants or employees other than contractors, provided written notice of intention to enforce such liability is given within thirty days after termination of the services rendered (S. C. L., secs. 54, 55). Every corporation formed under this chapter may be or become a full liability corporation by inserting a statement in the certificate of incorporation that the corporation thereby formed is intended to be a full liability corporation; and in case of an existing corporation, which is not a full liability corporation, it may become such by filing in the office where certificates of incorporation are required to be filed a supplemental certificate stating that thereafter the corporation intends to be a full liability corporation, which certificate shall be executed and acknowledged by the president and treasurer of the corporation or by the board of directors, and shall have annexed thereto a copy of a resolution, adopted by a two-thirds vote of the board of directors, and the written consent of all the stockholders of the corporation authorizing and consenting to the change of the corporation to a full liability corporation. If the corporation is formed as or becomes a full liability corporation, all the stockholders of the corporation shall be severally individually liable to its creditors for all its debts and liabilities and may be joined as defendants in any action against it. No execution shall issue against any stockholder individually until execution has issued against the corporation and returned unsatisfied, and all the stockholders shall contribute a proportionate share, according to the number of shares of stock owned by each of the amount paid by any stockholder on a judgment recovered against him individually for a debt of the corporation, and he may recover from the other stockholders in the corporation in a joint or several action the proper portion due by them and each of them of the amount paid by him on any such judgment (B. C. L., sec. 6).

Billings *v.* Robinson, 94 N. Y. 415; Weeks *v.* Love, 50 N. Y. 568; Tucker *v.* Gilman, 121 N. Y. 189; 24 N. E. 302; Close *v.* Potter, 155 N. Y. 145; Herbert *v.* Duryea, 34 App. Div. 478; Bristor *v.* Smith, 158 N. Y. 157; White, Corbin, & Co. *v.* Jones, 45 App. Div. 241; Natl. Tube Works *v.* Gillan, 124 N. Y. 302; Sinclair *v.* Fuller, 158 N. Y. 607; Moosburger *v.* Walsh, 89 Hun, 564; Walton *v.* Coe, 110 N. Y. 109; Cochran *v.* Wiechers, 119 N. Y. 399.

14. **Stock Certificates.** — Stock certificates must be signed by the president or vice-president, and by the secretary or treasurer (S. C. L., sec. 40). Stock certificates are not transferable without the consent of the corporation,

until all indebtedness to the corporation has been paid (S. C. L., sec. 26). The par value of shares may be any amount not less than $5 nor more than $100 (B. C. L., sec. 2, sub. 4). A tax is imposed on all sales or agreements to sell or deals or transfers of shares of certificates of stock in any domestic or foreign corporation made after June 1, 1905, whether made upon or shown by the books thereof, or by any assignment in blank, or by delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale, whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money or the future transfer of stock, on every $100 of face value or fraction thereof, of 2 cents. In case of violation of the foregoing provision a penalty is provided of fine or imprisonment, or both (Laws of 1906, chap. 414).

Reno Oil Co. *v.* Culver, 60 App. Div. 129; Yonkers Gazette Co. *v.* Taylor, 30 App. Div. 334; Sullivan County Club *v.* Butler, 26 N. Y. Misc. 306; Reyder *v.* Bushwick R. R. Co., 134 N. Y. 83.

15. **Preferred Stock.** — Preferred stock may be issued if the certificate of incorporation so provides, or by consent of the holders of two-thirds of the capital stock given at a meeting duly called for that purpose. The corporation may, upon the written request of the holders of preferred stock by a two-thirds vote of its directors, exchange the same for common stock (S. C. L., sec. 47). Every domestic stock corporation may issue preferred stock and common stock and different classes of preferred stock, if the certificate of incorporation so provides, or by the consent of the holders of records of two-thirds of the capital stock, given at a meeting called for that purpose upon notice such as is required for the annual meeting of the corporation. A certificate of the proceedings of such meeting, signed and sworn to by the president or a vice-president and by the secretary or assistant secretary of the corporation, shall be filed and recorded in the offices where the original certificate of incorporation of such corporation was filed and recorded; and the corporation may, upon the written request of the holders of any preferred stock, by a two-thirds vote of its directors, exchange the same for common stock, and issue certificates for common stock therefor, upon such valuation as may have been agreed upon in the certificate of organization of such corporation, or the issue of such preferred stock, or share for share, but the total amount of such capital stock shall not be increased thereby.

Hinckley *v.* Company, 91 N. Y. Sup. 893; 45 N. Y. Misc. Rep. 176; Campbell *v.* A. Z. Co., 122 N. Y. 455; Kent *v.* O. M. Co., 78 N. Y. 159; Mich. Bank *v.* N. Y. & N. H. R. R. Co., 13 N. Y. 599; Ernst *v.* Company, 24 N. Y. Misc. 583.

16. **Payment of Capital Stock.** — Corporations cannot issue stock except for money, labor done, or property actually received for the use or lawful purposes of the corporation. The statute provides further that in the absence of fraud in the transaction the judgment of the directors as to the value of property so purchased shall be conclusive (S. C. L., sec. 42). The original or amended certificate of incorporation may contain a provision expressly authorizing the sale of the whole or any part of the capital stock as partly paid stock subject to calls thereon until the whole thereof shall have been paid in. In such case, if in or upon the certificate issued to represent said stock the amount paid thereon shall be specified, the holder thereof shall not be subject to any liability except for the payment to the corporation of the amount remaining unpaid upon such stock and for the payment of indebtedness to employees. In any such case the corporation may declare and may pay dividends upon the basis of the amounts actually paid upon the respective shares of stock, instead of upon the par value thereof (S. C. L., sec. 62). If the whole capital stock shall not have been subscribed at the time of filing the certificate of incorporation, the directors named

in the certificate may open books of subscription to fill up the capital stock at the time of subscribing. Every stockholder whose subscription is payable in money shall pay to the directors ten per cent upon the amount subscribed by him in cash, and no such certificate shall be received without such payment (S. C. L., sec. 47; see also S. C. L., sec. 43, as to forfeiture of stock for non-payment of subscription).

White, Corbin, & Co. *v.* Jones, 167 N. Y. 158; 60 N. E. 422; Martin *v.* Company, 95 App. Div. 18; 88 N. Y. Sup. 573; O. D. C. M. Co. *v.* Lewisohn, 136 Fed. 915; McBride *v.* Farrington, 131 Fed. 797; F. C. N. Bank *v.* Shire, 179 N. Y. 587; 72 N. E. 1141; Close *v.* Noye, 147 N. Y. 597; Rafferty *v.* Company, 37 App. Div. 618; Herbert *v.* Duryea, 34 App. Div. 478; Drake *v.* Company, 26 App. Div. 499.

17. **Books.** — Every corporation must keep at its office within the State correct books of account of all its business transactions, and also a stock book containing an alphabetical list of the stockholders of the corporation, showing their places of residence and the number of shares held by them respectively, the time when they respectively became owners thereof, and the amount paid thereon (S. C. L., sec. 29). The stock book is open to the inspection of stockholders and judgment creditors.

Matter of Steinway, 159 N. Y. 250; 53 N. E. 1103.

18. **Office.** — Every corporation must maintain a domiciliary office within the State (B. C. L., sec. 2; Tax Laws, sec. 11).

Conroe *v.* Company, 10 How. Pr. 405; Rossie Iron Works *v.* Westbrook, 36 N. Y. St. Rep. 555.

19. **Reports.** — All domestic business corporations must annually during the month of January, or, if doing business without the United States, before the month of May, make a report as of the 1st day of January, which will state: (1) The amount of its capital stock and proportion actually issued. (2) The amount of its debts or an amount which they do not exceed. (3) The amount of its assets or an amount which its assets at least equal. (4) The names and addresses of all of the directors and officers of the company, and, in the case of a foreign corporation, the name also of a person designated in the manner prescribed by the Code of Civil Procedure as the person upon whom process against the corporation may be served within the State (S. C. L., sec. 30; Laws of 1905, chap. 415). Such report to be made by the president or vice-president, secretary or treasurer, and filed in the office of the Secretary of State. If such report is not made and filed, any officer of the corporation who shall thereafter neglect or refuse to make and file such report within ten days after written request so to do shall have been made by a stockholder or a creditor of the corporation, shall forfeit to the people, the sum of $50 for every day he shall so neglect or refuse. In addition to the foregoing the corporation is required between November 1st and 15th to make an annual report to the State Comptroller showing the condition of the business on October 31st of that year, stating the amount of the capital stock paid in, the amount of its dividends declared during the year ending October 31st of that year, the amount of its entire capital, and the percentage thereof employed within the State during the preceding year. This report must be signed and sworn to by the president, vice-president, secretary, or treasurer (S. C. L., sec. 30; Tax Laws, sec. 189). After each annual election of directors a certificate of the result of such election made by the inspectors must be filed, with the oath of the inspectors, in the office of the clerk of the county in which the election is held (S. C. L., sec. 28; see Union Nat. Bank *v.* Scott, 53 App. Div. 65; see also S. C. L., sec. 52). The president or other proper officer of every moneyed or stock corporation deriving an income or profit from

its capital or otherwise shall, on or before June 15th, deliver to one of the assessors of the tax district in which the company is liable to be taxed, and, if such tax district is in a county embracing a portion of the forest preserve, to the Comptroller of the State, a written statement specifying:

1. The real property, if any, owned by such company, the tax district in which the same is situated, and, unless a railroad corporation, the sums actually paid therefor; 2. The capital stock actually paid in and secured to be paid in, excepting therefrom the sums paid for real property and the amount of such capital stock held by the State and by any incorporated literary or charitable institution; and 3. The tax district in which the principal office of the company is situated, or, in case it has no principal office, the tax district in which its operations are carried on.

Such statement shall be verified by the officer making the same to the effect that it is in all respects just and true. If such statement is not made within twenty days after the 15th day of June, or is insufficient, evasive, or defective, the assessors may compel the corporation to make a proper statement by mandamus (Revised Tax Law of 1896, chap. 908, sec. 27).

Stockholders owning five per centum of the capital stock of any corporation other than a moneyed corporation, not exceeding $100,000, or three per centum where it exceeds $100,000, may demand a written statement of its affairs under oath, embracing a particular account of all its assets and liabilities, and the treasurer shall make such statement and deliver it to the person presenting the request within thirty days thereafter, and keep on file for twelve months thereafter a copy of such statement, which shall at all times during business hours be exhibited to any stockholder demanding an examination thereof; but the treasurer or such chief fiscal officer shall not be required to deliver more than one such statement in any one year. The Supreme Court or any justice thereof may upon application, for good cause shown, extend the time for making and delivering such certificate. For every neglect or refusal of the treasurer or other chief fiscal officer thereof to comply with the provisions of this section, he shall forfeit and pay to the person making such request the sum of $50, and the further sum of $10 for every twenty-four hours thereafter until such statement shall be furnished (S. C. L., sec. 52).

H. B. Co. *v.* Hand, 104 App. Div. 390; 93 N. Y. Sup. 834; Davidson *v.* Whithouse, 91 N. Y. Sup. 428.

20. **Anti-Trust Statute.** — The Anti-Trust Act of New York is to be found in Laws of 1899, chap. 690.

Matter of Davies, 168 N. Y. 89; 61 N. E. 118; People *v.* Milk Exchange, 133 N. Y. 565; 30 N. E. 850.

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited for failure to organize and commence the transaction of corporate business or the discharge of corporate duties within two years from the date of incorporation (G. C. L., sec. 31); also if one-half the capital stock is not paid in within one year (B. C. L., sec. 5); also for failure to pay the annual State tax within one year from the time a statement of the tax is sent to it (Tax Law, sec. 200; see also Code of Civ. Pro., secs. 1797–1803 inclusive).

Day *v.* Company, 107 N. Y. 129; 13 N. E. 765; People *v.* Company, 133 N. Y. 140; 29 N. E. 947.

22. **Annual Franchise Tax.** — For the privilege of doing business or exercising its corporate franchises in this State, every corporation, foreign or domestic, doing business in the State must pay to the State Treasurer annually

in advance an annual license tax to be computed upon the basis of the amount of its capital employed during the preceding year within the State, and upon each dollar of such amount. The measure of the amount of capital stock employed in this State shall be such a proportion of the issued capital stock as the gross assets employed in any business within this State bears to the gross assets wherever employed in business. For purposes of taxation the capital of a corporation invested in the stock of another corporation shall be deemed to be assets located where the physical property represented by such stock is located. If the dividends upon the common stock amount to six or more than six per cent upon the par value of the capital stock during any year ending with the 31st day of October, the tax shall be at the rate of one-fourth of a mill for each one per cent of any dividend made or declared upon the par value of the capital stock during such year. If such dividend or dividends amount to less than six per cent of the par value of the capital stock, and (1) the assets do not exceed liabilities, exclusive of capital stock; or (2) the average price at which such stock sold during said year did not equal or exceed its par value; or (3) if no dividend was declared, — then each dollar of the amount of capital stock employed in this State, determined as hereinbefore provided, shall be taxed at the rate of three-fourths of one mill. If such dividend or dividends amount to less than six per cent of the par value of the capital stock, and (1) the assets exceed the liabilities exclusive of capital stock by an amount equal to or greater than the par value of the capital stock; or (2) the average price at which said stock sold during such year is equal to or greater than the par value, — then the amount of capital stock determined as hereinbefore provided to be employed in this State shall be taxed at the rate of one and one-half mills on each dollar of the valuation of the capital stock employed in this State; but such valuation shall not be less than (1) the par value of such stock; (2) the difference between the assets and liabilities exclusive of capital stock; (3) the average price at which such stock sold during said year. If such corporation, joint-stock company, or association shall have more than one kind of capital stock, and upon one of such kinds of stock a dividend or dividends amounting to six or more than six per cent upon the par value thereof has been declared, and upon the other no dividend has been made or declared, or the dividend or dividends made or declared thereon amounted to less than six per cent upon the par value thereof, then the tax shall be at the rate of one-fourth of a mill for each one per cent of dividends declared upon the capital stock upon the par value of which the dividends declared amount to six or more than six per cent, and in addition thereto a tax shall be charged upon the capital stock, (1) upon any dividend so made or declared; or (2) upon which the dividend or dividends made or declared did not amount to six per cent on the par value, at the rate as hereinbefore provided for the taxation of capital stock upon which no dividend was made or declared, or upon which the dividend or dividends made or declared did not amount to six per cent on the par value. (Laws of 1907, chap. 734).

Under Laws of 1907, chap. 734, all corporations not taxable under the foregoing shall be taxed in an amount not less than what would be produced by a tax of one and one-half mills on each one dollar of the actual value of its capital stock determined to be employed in this State, or at one-half mill on each dollar of said capital stock at the average price at which said stock sold during the year.

Laundry corporations, manufacturing corporations, to the extent only of

the capital actually employed in this State in manufacturing and in the sale of the product of such manufacture, mining corporations wholly engaged in mining ores within this State, agricultural and horticultural societies or associations and corporations, shall be exempt from the payment of the franchise tax. But such laundrying, manufacturing, or mining corporation shall not be exempt from the payment of such tax unless at least forty per cent of the capital stock of such corporation is invested in property in this State and used by it in its laundrying, manufacturing, or mining business in this State (Laws of 1906, chap. 474).

If the dividend or dividends amount to less than six per cent of the par value of the capital stock, or no dividend is declared, the president, treasurer, or secretary of the corporation shall, under oath, between the 1st and 15th days of November in each year estimate and appraise the capital stock of such corporation at its actual value. If the Comptroller is not satisfied with such appraisal, he is authorized to make a valuation thereof and settle an account upon the valuation so made by him and the taxes, penalties, and interest to be paid the State. If an application be filed with the Comptroller by the corporation against whom the account is stated, or by the Attorney-General within one year after such account shall have been audited and stated, the Comptroller may at any time, upon notice thereof, sent to the corporation against whom it is stated, revise and readjust such account (Laws of 1907, chap. 734).

People *ex rel.* U. V. C. Co. *v.* Roberts, 156 N. Y. 585; People *ex rel.* E. E. L. Co. *v.* Campbell, 138 N. Y. 543; People *ex rel.* A. C. & D. Co. *v.* Wemple, 129 N. Y. 558; People *ex rel.* B. R. T. Co. *v.* Morgan, 57 App. Div. 335; People *ex rel.* Am. Sur. Co. *v.* Campbell, 74 Hun, 101; 143 N. Y. 625; People *ex rel.* Klipstein *v.* Roberts, 36 App. Div. 597; 167 N. Y. 617; People *ex rel.* Am. Soda F. Co. *v.* Roberts, 158 N. Y. 168.

23. **Amendments.** — If the certificate of incorporation contains any matter not authorized by law to be stated therein, or if the proof or acknowledgment thereof shall be defective, either the incorporators or directors of the corporation may make and file an amended certificate correcting such informality or defect or striking out such unauthorized matter. The Supreme Court may, upon due cause shown and proof made, and upon notice to the Attorney-General and such other persons as the court may direct, and upon such terms and conditions as it may impose, amend any certificate of incorporation which fails to express the true object and purpose of the certificate so as to truly set forth such object and purpose (Laws of 1890, chap. 563, as amended by Laws of 1893, chap. 687).

To change the corporate name requires a petition to the Supreme Court, special term, held in the judicial district in which the corporation's principal business office is situated. The petition must have annexed thereto a certificate of the Secretary of State that the name which such corporation proposes to assume is not the name of any other domestic corporation. The petition must be in writing, signed and verified in like manner as a pleading by an officer of the corporation (usually the president), and must specify the present name of the corporation as well as the name it proposes to assume. Notice of the presentation of the petition to the court must be published once in each week for six successive weeks in two newspapers. A copy of the petition and notice of motion must be filed with the Secretary of State prior to the commencement of publication of such notice. If the court is satisfied that the petition should be granted, it then makes an order authorizing the petitioner to assume the name proposed on a day specified not less than thirty days after the entry of the

order. The order and the papers on which it was granted must be filed within ten days thereafter in the clerk's office of the county in which the original certificate of incorporation was filed, and a certified copy of such order must within ten days after the entry thereof be filed in the office of the Secretary of State. Such order must also direct the publication within ten days after the entry thereof of the order in a designated newspaper once in each week for four successive weeks. If the order is fully complied with, and if within forty days after the making of the order an affidavit to the publication thereof shall be filed and recorded in the office in which the order is entered, and in each office in which certified copies are required to be filed, if any, the petitioner shall, on and after the day specified for that purpose in the order, be known by its new corporate name (Code of Civil Procedure, 2411–2415 inclusive).

To change the number of directors requires the vote of a majority of the stock of the corporation at a meeting held at the usual place of meeting of the directors, on two weeks' notice in writing to each stockholder of record. Such notice may be served personally or by mail. Proof of the service of such notice shall be filed in the office of the corporation at or before the time of such meeting. The proceedings of such meeting shall be entered in the minutes of such corporation, and transcript thereof verified by the president and secretary of the meeting shall be filed in the office where the original certificates of incorporation were filed. Such change in the directorate may also be effected by unanimous consent without a meeting; in which case there shall be filed in the offices above specified the unanimous consent of the stockholders in writing signed by them or by their proxies, to which must be attached an affidavit of the custodian of the stock book of such corporation, stating that the persons who have signed such consent are the holders of record of the entire capital stock of said corporation, issued and outstanding (Laws of 1890, chap. 564, as amended by Laws of 1892, chap. 688; by Laws of 1903, chap. 320; by Laws of 1904, chap. 307). If the number of directors be increased, the additional directors must be elected by a vote of a majority of the directors in office at the time of the increase (Laws of 1905, chap. 750).

Chapter 751, Laws of 1905, provides for amendment of the certificate of incorporation, so as to include therein the purposes, powers, or privileges which at the time of such alteration may be applied to corporations engaged in business of the same general character, or which might be included in the certificates of incorporation of a corporation organized under any general laws of the State for business of the same general character.

The amendment is effected by filing, in the manner provided for the original certificate of incorporation, an amended certificate executed by the president and secretary stating the alteration proposed, and that the same has been duly authorized by a vote of a majority of the directors, and also by a vote of stockholders representing at least three-fifths of the capital stock at a meeting of the stockholders called for the purpose in the manner provided in sec. 45 of chap. 688 of the Laws of 1892.

To increase or reduce the capital stock the same must be authorized either by the unanimous consent of the stockholders expressed in writing and filed in the office of the Secretary of State, and in the office of the clerk of the county in which the principal business office of the corporation is located, or by vote of the stockholders owning at least a majority of the stock of the corporation, taken at a meeting of the stockholders specially called for that purpose in the manner provided by law or by the by-laws. Notice of the meeting, stating the

time, place, and object, and the amount of the increase or reduction proposed, signed by the president or vice-president and secretary, shall be published once a week for at least two successive weeks in a newspaper in the county where the corporation's principal place of business is located, and a copy of such notice shall be duly mailed to each stockholder or member at his last known post-office address at least two weeks before the meeting, or shall be personally served on him at least five days before the meeting. At such meeting a majority of the stockholders must be present either in person or by proxy. A sufficient number of votes shall be given in favor of such increase or reduction, and if the same shall be authorized by the unanimous consent of the stockholders expressed in writing, a certificate of the proceedings showing the compliance to the provisions of law and the amount of capital theretofore authorized and the proportion thereof actually issued and the amount of the increased or reduced capital stock, and in the case of a reduction of capital stock the whole amount of the ascertained debts or liabilities of the corporation, shall be made and filed in the office of the clerk of the county where its principal place of business is located, and a duplicate thereof in the office of the Secretary of State. In case of the reduction of the capital stock the certificate of consent hereinbefore referred to must have endorsed thereon the approval of the Comptroller to the effect that the reduced capital is sufficient for the proper purposes of the corporation and is in excess of its ascertained debts and liabilities. When the certificate of the unanimous consent of stockholders in writing, approved as aforesaid, has been filed, the capital stock of the corporation shall be increased or reduced as the case may be to the amount specified in such certificate or consent (Laws of 1890, chap. 564, as amended by Laws of 1892, chap. 688; Laws of 1901, chap. 354; Laws of 1902, chap. 286; Laws of 1903, chap. 700; Laws of 1904, chap. 123).

To increase or reduce the number of shares requires a two-thirds vote of all stock duly represented at a meeting held and conducted in like manner, and upon the filing of like certificate as required for the increase or reduction of its capital stock (Laws of 1893, chap. 196; Laws of 1901, chap. 354; see also G. C. L., secs. 6, 7; S. C. L., secs. 26, 32, 44, and 45; see also Laws of 1904, chap. 110). To change the location of the place of business the change must be authorized either by the unanimous consent of all the stockholders expressed in writing and duly acknowledged and filed in the office of the Secretary of State or by a vote of stockholders at a special meeting called for that purpose. The president and secretary and a majority of directors must sign a certificate stating the name of the corporation, and stating the town and county where the principal office and place of business was originally located and to which it may have been subsequently changed, and the city, town, and county to which it is desired to change the same, and that it is the purpose of said corporation to actually transact and carry on its regular business at such place, and that such change has been authorized as provided by law, and the names of the directors and their places of residence. This certificate must be verified and acknowledged by all persons signing the same, and must be filed in the office of the Secretary of State, and a duplicate copy thereof in the office of the clerk of the county from which said present office or place of business is to be removed or changed, and entered in the office of the clerk of the county to which such removal or change is to be made (S. C. L., sec. 59; Laws of 1905, chap. 489). The number of shares may be increased or decreased without changing the amount of the authorized capital, thereby changing the par value of shares, by a two-thirds vote of all stock (S. C. L., sec. 56).

24. **Extension of Corporate Existence.** — Corporate existence may be extended, if desired, by compliance with the statute (G. C. L., sec. 32). Corporate existence may be extended by consent of stockholders owning two-thirds in amount of the capital stock. This consent must be given either in writing or by a vote at a special meeting of the stockholders called for that purpose upon the same notice as is required for annual meetings. A certificate under the corporate seal must be prepared showing that such consent was given by the stockholders in writing, or that it was given by a vote at a special stockholders' meeting. This certificate must be subscribed and acknowledged by the president or the vice-president, and by the secretary or assistant secretary of the corporation, and must be filed and recorded in the office of the Secretary of State, and a certified copy of such certificate with a certificate of the Secretary of State of such filing and recording, or a duplicate original of such certificate, must be filed and recorded in the office of the clerk of the court of the county where the corporation has its principal place of business. The act also provides that the certificate of incorporation may require that the consent of stockholders owning a greater percentage than two-thirds of the stock shall be requisite to vote an extension of corporate existence (Laws of 1905, chap. 256).

25. **Dissolution.** — Voluntary dissolution may be brought about in two ways: First, by a two-thirds vote in interest of the stockholders favoring dissolution preceded by a resolution to that effect passed by the board of directors; second, by application to the Supreme Court (S. C. L., sec. 57; Revised Stat., Part III. chap. 8, Title 4, secs. 66–89 inclusive; Code of Civ. Pro., secs. 1781–1796, 2419–2431; Laws of 1906, chap. 293). The charter may be surrendered by the incorporators before the payment of any part of the capital stock and before commencing business (Laws of 1904, chap. 296).

26. **Foreign Corporations.** — The General Corporation Law (secs. 15 and 16 of chap. 687, Laws of 1892, as amended by chap. 538, Laws of 1901, as amended by chap. 490, Laws of 1904) provides as follows:

§ 15. *Certificate of Authority of a Foreign Corporation.* — No foreign stock corporation other than a moneyed corporation shall do business in this State without having first procured from the Secretary of State a certificate that it has complied with all the requirements of law to authorize it to do business in this State, and that the business of the corporation to be carried on in this State is such as may be lawfully carried on by a corporation incorporated under the laws of this State for such or similar business, or if more than one kind of business, by two or more corporations so incorporated for such kinds of business respectively. The Secretary of State shall deliver such certificate to every such corporation so complying with the requirements of law. No such corporation now doing business in this State shall do business herein after December thirty-first, eighteen hundred and ninety-two, without having procured such certificate from the Secretary of State, but any lawful contract previously made by the corporation may be performed and enforced within the State subsequent to such date. No foreign stock corporation doing business in this State shall maintain any action in this State upon any contract made by it in this State unless prior to the making of such contract it shall have procured such certificate. This prohibition shall also apply to any assignee of such foreign stock corporation and to any person claiming under such assignee of such foreign stock corporation, or under either of them. No certificate of authority shall be granted to any foreign corporation having the same name as an existing domestic corporation, or a name so nearly resembling it as to be

calculated to deceive, nor to any foreign corporation, other than a moneyed or insurance corporation, with the word "trust," "bank," "banking," "insurance," "assurance," "title," "indemnity," "guarantee," "guaranty," "savings," "investment," "loan," or "benefit," as a part of its name.

Proof to be filed before granting Certificate. — Before granting such certificate the Secretary of State shall require every such foreign corporation to file in his office a sworn copy of its charter or certificate of incorporation, and a statement under its corporate seal, particularly setting forth the business or objects of the corporation which it is engaged in carrying on, or which it proposes to carry on, within the State, and a place within the State which is to be its principal place of business, and designating, in the manner prescribed in the Code of Civil Procedure, a person upon whom process against the corporation may be served within the State. The person so designated must have an office or place of business at the place where such corporation is to have its principal place of business within the State. Such designation shall continue in force until revoked by an instrument in writing designating in like manner some other person upon whom process against the corporation may be served in this State.

If the person so designated dies, or removes from the place where the corporation has its principal place of business within the State, and the corporation does not within thirty days after such death or removal designate in a like manner another person upon whom process against it may be served within the State, the Secretary of State may revoke the authority of the corporation to do business within the State, and process against the corporation in an action upon any liability incurred within this State before such revocation may, after such death or removal and before another designation is made, be served upon the Secretary of State.

The statement under the foregoing provisions must set forth the following, to wit:

1. The business or objects of the corporation which is engaged in carrying on, or which it proposes to carry on, within the State.
2. The place within the State which is to be its principal place of business.
3. The designation of a person upon whom process against the corporation may be served within the State. Such person must have an office or place of business within the State.

The written consent of the person designated, duly acknowledged by such person must also be attached.

Said statement must be executed in the name and on behalf of the corporation by an officer thereof.

The customary proof must be appended to the instrument, showing that the same was executed by authority of the corporation and proving the corporate seal.

There must be annexed to the papers a copy of the charter or the certificate of incorporation of the company, sworn to as a true copy thereof by an officer of the corporation.

All papers must be attached in convenient form for filing.

An acknowledgment or affidavit taken by a notary public in another State must be authenticated by a clerk of a court of record.

The filing fees are $11, under sec. 26 of the Executive Law (chap. 683, Laws of 1892), which sum must accompany the papers.

The papers when received will be referred to the State Comptroller, who

will later communicate with the corporation, and adjust the tax under sec. 181, chap. 908, Laws of 1896.

Annual reports required as of domestic corporations. Stock book with data of stockholders must be kept at office of transfer agent in the State, and shall be open to inspection, under penalty of $250. Every foreign corporation, except banking corporations, fire, marine, casualty, and life insurance companies, co-operative fraternal insurance companies, and building and loan associations authorized to do business under the General Corporation Law shall pay to the State Treasurer for the use of the State a license fee of one-eighth of one per cent for the privilege of exercising its corporate franchises, or carrying on its business in such corporate or organized capacity in this State, to be computed upon the basis of the capital stock employed by it within this State during the first year of carrying on its business in this State; and if in any year thereafter such corporation shall employ an increased amount of its capital stock within this State, the same license fee shall be due and payable upon such increase. The measure of the amount of capital stock employed in this State shall be such a proportion of the issued capital stock as the gross assets employed in any business within this State bears to the gross assets wherever employed in business. For purposes of taxation the capital of a corporation invested in the stock of another corporation shall be deemed to be assets located where the physical property represented by such stock is located. No action shall be maintained or recovery had in any of the courts in this State by such foreign corporation without obtaining a receipt for the license fee hereby imposed within thirteen months after beginning such business within the State, or if at the time this section takes effect such corporation has been engaged in business within this State for more than twelve months without obtaining such receipt within thirty days after such tax is due (Laws of 1906, chap. 474). Foreign corporations are required to pay the same annual license tax as is imposed upon domestic corporations. (See *ante*, sec. 22; G. C. L., secs. 15, 16; S. C. L., secs. 53, 60; C. C. P., secs. 432, 1779; Tax Laws, sec. 181; Laws of 1904, chap. 490; Laws of 1907, chap. 734.)

Demarest *v.* Flack, 128 N. Y. 205; 28 N. E. 645; People *ex rel.* H. & H. Co. *v.* Campbell, 139 N. Y. 68; 34 N. E. 753; People *ex rel.* S. T. Clock Co. *v.* Wemple, 133 N. Y. 323; 31 N. E. 238; People *v.* A. B. T. Co., 117 N. Y. 241; 22 N. E. 1057; People *ex rel.* Wemple, 138 N. Y. 582; 34 N. E. 386; O'Reilly, Skelly, & Fogarty Co. *v.* Greene, 40 N. Y. 360; People *v.* Kelsey, 93 N. Y. Sup. 971; People *v.* Miller, 94 N. Y. Sup. 193; Tying *v.* Company, 93 N. Y. Sup. 928; Fay *v.* Company, 94 N. Y. Sup. 628; Miller *v.* Quincy, 179 N. Y. 294; 72 N. E. 116; P. C. Company *v.* McKeever, 93 App. Div. 303; 87 N. Y. Sup. 869; Bishoff *v.* Company, 97 App. Div. 17; 89 N. Y. Sup. 594; Harvard Co. *v.* Wicht, 91 N. Y. Sup. 48; 99 App. Div. 507; A. C. P. Co. *v.* Bagge, 91 N. Y. Sup. 73; Grant *v.* Co., 189 N. Y. 241.

NORTH CAROLINA.

(The references cited below are to the Revisal of 1905, of the Laws of North Carolina, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of North Carolina is to be found in the Revisal of 1905, chap. 21, secs. 1128–1248 inclusive. Under this act corporations may be formed for any purpose excepting railroad, insurance, banking companies, building companies, and eleemosynary corporations (sec. 1137).

2. **Incorporators.** — Any number of persons not less than three. There are no residential requirements (secs. 1137, 1143).

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — No name can be used already in use by another domestic corporation (sec. 1137). The name must end with the word "company" or the word "incorporated" (sec. 1137, sub. 1).

b. Domicile. — Location of principal office within the State (sec. 1137, sub. 2).

c. Purposes. — The object or objects for which the corporation is formed. Any number of purposes may be inserted in the certificate (sec. 1137, sub. 3).

d. Capital Stock. — Authorized capital stock (unlimited). Number of shares into which divided, and par value (any amount) thereof, amount of capital stock with which corporation will begin business (no amount limited in the act). If there is more than one class of stock, a description of all classes must be inserted, together with terms upon which created (sec. 1137, sub. 4).

e. Stock Subscriptions. — Names and post-office addresses of subscribers for stock and the number of shares subscribed by each. The act provides that the aggregate of such subscriptions shall be the amount of capital stock with which the corporation will begin business (sec. 1137, sub. 5).

f. Duration. — May be perpetual (sec. 1137, sub. 6).

g. Provisions for the Regulation of the Internal Affairs of the Corporation. — Provisions may be inserted for the regulation of the business and for the purpose of creating, defining, limiting, or regulating the powers of the corporation, directors, and stockholders (sec. 1137, sub. 7).

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers corporations have the following additional powers: To authorize voting by proxy; to forfeit stock for non-payment of assessments; to provide suitable penalties for violation of by-laws, not exceeding $20 for any one offence; to delegate the power to directors to adopt by-laws; to issue preferred stock to the extent of one-half of actual capital paid in in cash or property and to make the same subject to redemption; to authorize the holding of directors' meetings and keeping of corporate books, except stock and transfer books, outside of the State; to classify directors; to permit cumulative voting in election of directors, and to conduct business in other States and foreign countries; to issue and sell bonds for less than par (secs. 1128–1130, 1145–1147, 1170–1173, 1183–1184).

Heggie *v.* Association, 107 N. C. 581; 12 S. E. 275; Meares *v.* Improvement Co., 126 N. C. 662; 36 S. E. 130.

5. **Procuring the Charter.** — Incorporators must subscribe and acknowledge the certificate of incorporation. The certificate must then be filed and recorded in the office of the Secretary of State, the organization tax being then paid. A certified copy of the certificate and probate must be forthwith recorded in the office of the clerk of the Superior Court of the county where the principal office of the corporation is to be established (sec. 1139).

Ashville Div. *v.* Oston, 92 N. C. 578.

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of corporate indebtedness. The law expressly permits bonds of corporations to be sold for less than par (Laws of 1903, chap. 154; see as to issue and sale of bonds of construction companies, sec. 1172).

7. **Organization Tax.** — Twenty cents for each one thousand dollars of the amount of capital stock authorized, but in no case less than $25 (sec. 1233).

8. **Filing and Recording Fees.** — For filing and recording certificate of incorporation in the office of the Secretary of State, $1 for the first three copy sheets, and 10 cents per copy sheet thereafter; also 50 cents for seal. The same charge is made for certified copy of certificate of incorporation; for filing list of officers and directors, $1; for increase of capital stock, 20 cents for each one thousand dollars of the total increase authorized, but in no case less than $20; extension or renewal of corporate existence, same as in the original certificates; for filing other certificates of amendment, $20; for filing certificate of dissolution or change of principal place of business, $5. There must be paid to the clerk of the Superior Court for recording the certificate of incorporation in the county where the principal office of the corporation is established a fee that averages about $3 (secs. 1233, 1234).

9. **Commencing Business.** — Corporations may commence business as soon as the certificate of incorporation is filed as required by law (sec 1140). Within thirty days after the election of the first board of directors there must be filed in the office of the Secretary of State a statement authenticated by the signatures of the president and secretary containing the names of all the directors and officers, with the date of the election or appointment, term of office, residence and post-office address of each, the character of its business and location, giving the street and number, if any, of its principal office in the State, and the name of the agent in charge of said office upon whom process may be served. Business must be commenced within two years from the time certificate is filed (sec. 1246).

10. **Organization Meeting.** — The organization meeting must be held within the State. The first meeting of every corporation shall be called by a notice signed by a majority of the incorporators designating the time, place, and purpose of the meeting, which notice shall be published at least two weeks before the meeting in some newspaper of the county where the corporation is established; which said first meeting may be called without publication if two days' notice be personally served on all of the incorporators, or if all of the incorporators shall in writing waive notice and fix a time and place of meeting no notice of publication shall be required (secs. 1142, 1143). The incorporators are given the direction of affairs of the corporation until the directors are elected (sec. 1141).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (secs. 1147, 1149).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be a board of not less than three directors. At least one of them must be a resident of the State. They must all be *bona fide* stockholders. They may be divided into classes, provided no class is elected for a shorter period than one year or for a longer period than five years (secs. 1147, 1148, 1160, 1182). Any corporation which shall have more than one kind of stock may, by so providing in its certificate of incorporation, confer the right to choose the directors of any class upon the stockholders of any class to the exclusion of the others (sec. 1147). Cumulative voting in the election of directors is permitted whether provision therefor is made in the certificate of incorporation or not (sec. 1183, Laws of 1907, chap. 457).

b. Liabilities. — Directors are liable for the illegal declaration of dividends, for loans to stockholders, for refusing after demand made upon them to make reports within thirty days thereafter. They are also liable for not publishing notice of decrease of capital, for illegally voting in favor of a reduction of capital, and for making false certificates, and for fraud (secs. 1154–1156, 1163, 1164, 1179, 1191, 1192, 1202).

Solomon *v.* Bates, 118 N. C. 321; 24 S. E. 746.

13. **Stockholders' Liabilities.** — Stockholders are liable for their unpaid stock subscriptions (sec. 1162). They are also liable for fraud committed by them to creditors and others injured thereby (sec. 1156).

Harmon *v.* Hunt, 116 N. C. 678; 21 S. E. 559; Cooper *v.* Company, 127 N. C. 219; 37 S. E. 216; Cotton Mills *v.* Cotton Mills, 116 N. C. 647; 21 S. E. 431.

14. **Stock Certificates.** — Every stockholder is entitled to a certificate, signed by the president and treasurer or secretary, specifying the number of shares held by him in the corporation (sec. 1165).

15. **Preferred Stock.** — Every corporation shall have power to create two or more kinds of stock of such classes, with such distinctions, preferences, and voting powers, or restriction or qualification thereof as shall be prescribed by those holding two-thirds of the capital stock outstanding, and the power to increase or decrease the stock as herein elsewhere provided shall apply to all or any of the classes of stock; and such preferred stock may, if desired, be made subject to redemption at not less than par at a fixed time and price to be expressed in the certificate thereof, and the holders thereof shall be entitled to receive and the corporation shall be bound to pay thereon a fixed yearly dividend to be expressed in the certificate, payable quarterly, half yearly, or yearly before any dividends shall be set apart or paid on the common stock, and such dividends may be made cumulative; and in case of insolvency its debts and other liabilities shall be paid in preference to the preferred stock. No corporation shall create preferred stock except by authority given to the board of directors by a vote of at least two-thirds of the stock voted at a meeting of the common stockholders duly called for that purpose (sec. 1159).

16. **Payment of Capital Stock.** — Stock may be issued in exchange for money, labor done, personal property, real estate or leases thereof. In the absence of fraud in the transaction, the judgment of the directors as to the value of such labor, property, real estate or leases thereof shall be conclusive (sec. 1159). Corporations may purchase mines and manufactories and issue stock in payment therefor to the amount of the value thereof, and the stock so issued shall be full paid stock and not liable to any further call. In the absence of fraud the judgment of the directors as to the value of the property so taken shall be conclusive. Upon the payment in full of each instalment of capital

stock, a certificate setting forth the particulars thereof, verified by the president and secretary or treasurer, must within ten days after such payment be filed in the office of the Secretary of State (secs. 1159–1161).

17. **Books.** — Must keep at its principal office in the State the transfer books and the stock books of the corporation (sec. 1180). These are open to the inspection of all stockholders.

18. **Office and Agent.** — Every corporation is required to have an office within the State, where its name must be displayed in conspicuous letters. Must have an agent in charge of its principal office within the State residing therein (secs. 1179, 1242, 1243).

Simmons *v.* Steamboat Co., 113 N. C. 147; 18 S. E. 117.

19. **Reports.** — Every corporation authorized to transact business in this State shall file in the office of the Secretary of State annually on or before December 1st a statement authenticated by the signatures of the president and secretary containing the names of all the directors and officers, with the date of election or appointment, term of office, residence and post-office address of each, the character of its business and location, giving the street and number, if any, of its principal office in the State, and the name of the agent in charge of said office upon whom process against the corporation may be served (sec. 1152, as amended by Laws of 1907, chap. 944). Also on or before July 1st of each year an annual report must be filed with the State Auditor (Laws of 1905, chap. 90, sec. 34; sec. 5270).

20. **Anti-Trust Statute.** — There is a somewhat drastic anti-trust statute in force in North Carolina (Laws of 1899, chap. 666; Laws of 1901, chap. 586; Laws of 1907, chap. 218; also sec. 3739).

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited for failure to bring the books of the corporation into the State after an order to that effect made by the Superior Court upon proper cause shown (secs. 1217, 1218). Charter may also be dissolved by the State for abuse, misuser, or non-user of its corporate powers and privileges and for violation of the anti-trust statute (secs. 1196–1198, 1209, 1246); also for assuming or exercising any franchise or transacting any business not allowed by its charter (sec. 49, Laws of 1899, chap. 66, sec. 5; Laws of 1901, chap. 2, sec. 107; sec. 1198). Charters may also be forfeited if the corporators for two years should neglect or fail to organize the company, or when organized if they for two years at any time shall cease to act (secs. 1198, 1246), also for failing to pay annual franchise tax for three consecutive years (Laws of 1905, chap. 588, sec. 83).

Cotton Mills *v.* Burns, 114 N. C. 353; 19 S. E. 238.

22. **Amendments.** — The incorporators before the payment of any part of the capital stock may file with the Secretary of State an amended certificate of incorporation duly signed by all the incorporators, amending the original certificate of incorporation in whole or in part. The amended certificate when recorded in the local county office takes the place of the original certificate of incorporation (sec. 1174). Every corporation after the payment of its capital stock may change its name, increase or decrease its capital stock, change the par value of its shares, and make any other amendment desired in manner following, to wit:

The board of directors shall pass a resolution declaring that such amendment is advisable and calling a meeting of the stockholders to take action thereon. The meeting shall be held upon such notice as the by-laws provide, and, in the

absence of such provision, upon ten days' notice given personally or by mail. If two-thirds in interest of each class of the stockholders having voting powers shall vote in favor of the amendment, a certificate thereof shall be signed and acknowledged by the president and secretary under the corporate seal, and such certificate, together with the written assent in person or by proxy of two-thirds in interest of each class of such stockholders, shall be filed in the office of the Secretary of State, and upon such filing they shall be recorded in the county in which the original certificate of incorporation is recorded. Thereupon the certificate of incorporation shall be deemed to be amended accordingly (sec. 1174).

The board of directors may change the location of the principal office of such corporation within the State to any other place therein by resolution adopted at a regular or special meeting of such board by the vote of at least two-thirds of the members of such board. No certificate, however, is required to be filed on account of the removal of any office from one point to another in the same city or town of the State. Upon the adoption of a resolution as aforesaid a copy thereof must be filed in the office of the Secretary of State, signed by the president and secretary of such corporation under the corporate seal (sec. 1176).

Special provision is made in the case of decrease of capital stock as follows: The decrease may be effected by retiring or reducing one class of stock or by drawing the necessary shares by lot for retirement, or by the surrender by every shareholder of his certificates and the issuance to him in lieu thereof of a decreased number of shares, or by the purchase at not above par of certain shares for retirement, or by retiring shares owned by the corporation, or by reducing the par value of shares one-fourth. A certificate showing the decrease must be published for three weeks successively at least once in each week in a newspaper published in the county in which the principal office of the corporation is located, the first publication to be made within fifteen days after the filing of such certificate, and in default thereof the directors of the corporation shall be jointly and severally liable for all debts of the corporation contracted before the filing of said certificate, and the stockholders shall also be liable for such sums as they may respectively receive of the amount so reduced (sec. 1164). Special provision is made for correcting errors in the certificate of incorporation. The law provides (sec. 1144), whenever in any certificate of incorporation under any general law there shall be any error or omission in the recital of the act under which said corporation is created, or in the omission of any other matters, which is required to be stated in the certificate, it shall be lawful for such corporation to correct such error in the manner following: The board of directors of such corporation shall pass a resolution declaring that such error exists, and that such corporation desires to correct the same, and shall call a meeting of the stockholders of said corporation to take action upon said resolution, the meeting of said stockholders to be held upon such notice as the by-laws provide, and, in the absence of such provision, ten days' notice given personally or by mail. If two-thirds in interest of all of the stockholders shall vote in favor of the correction of such error or omission, a certificate of such action shall be made and signed by the president and secretary under the corporate seal; which certificate shall be acknowledged and proved as in the case of deeds of real estate, and such certificate, together with the written assent in person or by proxy of two-thirds in interest of all of the stockholders of such corporation, shall be filed in the office of the Secretary of State, and upon the filing thereof

the certificate of incorporation shall be deemed to be corrected and amended accordingly, and the filing of such certificate in conformity with this chapter shall have the same force and effect as if such certificate of incorporation had been originally drafted in conformity with the amendment so made (sec. 1144).

23. **Extension of Corporate Existence.** — Corporation may extend its corporate existence for any period desired (secs. 1175, 1178).

24. **Dissolution.** — A corporation may be dissolved by mutual consent upon the vote of two-thirds in interest of the stockholders (secs. 1195, 1200–1208, 1211, 1219–1232). The charter may be surrendered by the incorporators before the payment of any part of the capital and before beginning business by complying with the statute in such case made and provided (sec. 1177).

25. **Annual License Fee.** — Where the corporation has a capital stock paid in or subscribed of $25,000, the annual tax is $5; up to $50,000, $10; up to $100,000, $25; up to $250,000, $50; up to $500,000, $100; up to $1,000,000, $200; over $1,000,000, $500 (sec. 5190).

26. **Foreign Corporations.** — Foreign corporations must file with the Secretary of State a copy of their charter attested by the president and secretary under the corporate seal, and accompanied by a statement attested in like manner setting forth the amount of capital stock authorized, amount issued, location of principal office in the State, and name of agent in charge thereof, character of the business to be transacted, and names and post-office addresses of officers and directors (sec. 1194). Such corporations must also pay a tax of 10 cents per thousand dollars on authorized capital stock, provided, however, that the same shall never be less than $10 nor more than $100 (sec. 5190). Foreign corporations are subject to the same annual license tax imposed upon domestic corporations (Laws of 1905, chap. 588, sec. 83). Annual reports must also be filed (sec. 1152, as amended by Laws of 1907, chap. 944. As to service of process upon foreign corporations, see Public Laws of 1907, chaps. 460, 473).

Debnam *v.* Company, 126 N. C. 831; 36 S. E. 269; Howard *v.* Association, 125 N. C. 49; 34 S. E. 199; Commissioners *v.* Company, 128 N. C. 558; 39 S. E. 18; Shields *v.* Life Ins. Co., 119 N. C. 380; 25 S. E. 951; J. A. H. Co. *v.* Company (N. C.), 50 S. E. 650.

NORTH DAKOTA.

(The references cited below are to the Revised Code of 1899, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of North Dakota is to be found in the Revised Code of 1899, secs. 2850–3265 b, as amended by the Session Laws of 1901. Under this act corporations may be formed for any purpose for which individuals may lawfully associate themselves, except that special acts are provided for railway, wagon road, insurance, bridge, agricultural fair, and eleemosynary corporations (sec. 2858). There are some special provisions applicable to mining and manufacturing companies (secs. 3154, 3161).

2. **Incorporators.** — Not less than three, one-third of whom must be residents of the State (sec. 2858).

3. **Contents of the Articles of Incorporation.** — The articles must set forth:

a. Name. — There is no statute expressly forbidding the use of a name already in use by another domestic corporation, but the power is assumed by the Secretary of State to refuse articles attempting to make use of such name.

b. Purposes. — Purpose for which it is formed. The Secretary of State permits the insertion of any number of purposes in the articles not covered by special acts (secs. 2861, 3155).

c. Domiciliary Office. — Place where its principal business is to be transacted.

d. Duration. — Term for which it is to exist, not exceeding twenty years.

e. Directors. — Number of directors and names and residences of those who are to serve until their successors are elected and qualified.

f. Capital Stock. — Amount of capital stock, number of shares into which it is divided. Both may be any amount desired (sec. 2861).

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers, the following additional powers are granted: To authorize voting by proxy; to forfeit stock for non-payment of assessments; to own its own stock; to provide penalties for violation of by-laws not to exceed $100; to permit cumulative voting, and to remove directors (secs. 2875, 2880, 2882, 2884, 2888, 2894, 2895, 2917–2935).

Tourtelot *v.* Whithead, 9 N. D. 407; 84 N. W. 8.

5. **Procuring the Charter.** — The charter must be subscribed and acknowledged by the incorporators. The articles must then be filed with the Secretary of State (secs. 2864, 2867). There must be filed with the Secretary of State a duplicate receipt of the State Treasurer showing payment of organization tax. When all these formalities have been complied with, the Secretary of State issues a certificate of incorporation. Collateral inquiry into the legality of corporate existence is forbidden (secs. 2852, 2867).

6. **Corporate Indebtedness.** — Corporate indebtedness must not exceed the amount of subscribed capital stock. Express authority is given to issue bonds (secs. 2891, 2906).

7. **Organization Tax.** — For capitalization up to $50,000, fee of $50 to be paid to the State Treasurer, and $5 for every additional $10,000 or fractional part thereof. This schedule of fees does not apply to corporations for the man-

ufacture of dairy products, agricultural fair corporations, building and loan associations, irrigation, water users' associations, county mutual insurance companies, or to corporations whose capitalization does not exceed $5,000 formed for the purpose of the purchase of male animals for the improvement of stock (Laws of 1905, chap. 67).

8. **Filing and Recording Fees.** — For filing and recording articles of incorporation in the office of the Secretary of State, $3; for issuing a certificate of incorporation, $5; for issuing certified copy of articles of incorporation, 25 cents per folio of one hundred words and $1 for certificate. The charge for filing and recording amendments to articles of incorporation is 25 cents per folio of one hundred words.

9. **Commencing Business.** — Business may be commenced as soon as the articles are executed and filed as required by law (sec. 2868). By-laws must be adopted within one month after filing articles (sec. 2883). The corporation must organize and commence business within one year after filing articles (sec. 2913).

10. **Organization Meeting.** — In the absence of a provision in the articles providing otherwise the organization meeting must be held within the State (sec. 2898). By making provision in the articles therefor all meetings may be held without the State, at some place within the United States (sec. 3160). Unless the same is waived in writing by all the incorporators, notice of the organization meeting must be published twice a week for two successive weeks in a newspaper published in the county where the corporation's principal office is located (sec. 2883). The by-laws adopted at this organization meeting must be certified by a majority of the directors and kept in the book of by-laws (sec. 2885).

11. **Meetings of Stockholders and Directors.** — In the absence of a provision in the articles providing otherwise meetings of stockholders and directors for the election of officers of the corporation must be held at its principal place of business within the State. Other meetings of the board of directors may be held at such place within or without the State as the by-laws may provide (secs. 2898, 2899, 2903). By making provision in the articles therefor, all meetings may be held without the State at some place within the United States (sec. 3160).

12. **Directors' Qualifications and Liabilities.** — *a. Qualifications.* There must be at least three and not more than eleven directors, all of whom must be stockholders, and one a resident of the State (sec. 2889). Power to make by-laws may be delegated to the board of directors (sec. 2885).

b. Liabilities. — Directors are liable to creditors to the extent of the amount of debts in excess of the subscribed capital stock. They are also liable for the declaration of illegal dividends. Express provision is made in the act for their removal from office (secs. 2891, 2892, 2894). Directors are also liable for illegal issue of bonds (sec. 2905). Directors in mining and manufacturing companies are liable for violations of law which result in insolvency of the company (sec. 3161). There is also a liability for issuing stock at less than par value paid thereon (sec. 2876). They are also liable for making false reports, certificates, etc. (sec. 2893). For issuing stock or bonds for insufficient value given therefor in property or labor, they are liable for the difference between the value of the stock or bonds issued and the actual value of the property or labor (sec. 2877).

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions. Stockholders of manufacturing and mining corporations are jointly and severally liable for all debts to mechanics, workmen, and laborers employed by such corporation (secs. 2902, 3157).

14. **Stock Certificates.** — Each stockholder is entitled to a certificate showing the number of shares owned by him, signed by the president and secretary (secs. 2876, 2904).

15. **Preferred Stock.** — The act does not expressly authorize the issuance of preferred stock.

16. **Payment of Capital Stock.** — Stock may be issued for money, labor done, or property estimated at its true money value actually received by it. All officers who consent to the issuance of stock for labor or property in excess of its actual cash value, or who, having knowledge thereof, do not formally dissent therefrom, are jointly and severally liable to creditors of such corporation for the difference between the actual value of such labor or property at the time the stock was issued and the par value of the stock issued therefor. Corporations are expressly forbidden to accept notes in payment of stock subscriptions (secs. 2877, 2878). Corporations are expressly forbidden to issue stock with the understanding that the full par value shall not be paid (sec. 2876). The act provides that the directors named in the certificate of incorporation shall proceed to open books of subscription to the capital stock then unsubscribed, and to secure subscriptions to the capital stock still unsubscribed, and to secure subscription to the full amount of the fixed capital (sec. 2874).

17. **Books.** — Regular books of account of all of the business of the corporation must be kept, which with the vouchers shall at all reasonable times be open for the inspection of any of the stockholders, and any stockholder in making such inspection shall be privileged to take with him an expert accountant to aid him in making the inspection, and as often as once in each year a statement of said accounts shall be made by order of the directors and laid before the stockholders (Laws of 1907, chap. 55).

18. **Office and Agent.** — All corporations must maintain an office within the State, and an agent to receive process (secs. 2861, 2885, 2907, 3160, 3265 a).

19. **Reports.** — Must file annually with the Secretary of State an anti-trust affidavit. The filing fee is $2.50 (Laws of 1905, chap. 188). Between July 1st and August 1st every domestic or foreign corporation must report to the Secretary of State, on blank forms sent out by him before June 1st, the location of its principal office in the State, names, post-office addresses, and residence of its officers, with date of expiration of their respective terms of office, whether or not the corporation is pursuing active business under its charter and the kind of business engaged in. The report is to be sworn to by one of the chief officers under the corporate seal. A $50 penalty for failure for sixty days after notice to file such report by registered letter, forfeiture of charter or right to do business by entry on records in Secretary of State's office (Law of 1905, chap. 65). Tax returns sworn to by the president, secretary, or principal accounting officer must be made to the county assessor where the principal office is located, or if there is no such office, where the business is carried on (sec. 1183). These returns are filed between April 1st and June 1st of each year as of April 1st (sec. 1189), and set forth (1) name and location of company; (2) amount of capital stock authorized and number of shares into which it is divided. (3) Amount of capital stock paid in. (4) Market value, or if there is no market value, the actual value of the shares of stock. (5) Total amount of indebtedness except that for current expenses, excluding from such expenses the amount paid for, purchase or improvement of property. (6) Value of real property. (7) Value of personal property (sec. 1198).

Every mining, manufacturing, or other industrial company must annually,

within twenty days from January 1st, make a report signed by the president and a majority of the directors, verified by the president and secretary, to be published in the newspaper nearest the corporation's place of business, and to be filed with the register of deeds of the county in which its business is carried on, stating the capital stock and the amount thereof actually paid in, amount and nature of its indebtedness and amounts due the corporation; number and amounts of dividends and when paid, and the net profits. Neglect to make, publish, and file such report is a misdemeanor (sec. 3158). Publication of annual reports of mining, manufacturing, and other industrial corporations is required (sec. 3158). Publication of notice of meetings may be dispensed with by waiver or written assents, except in case of increase of stock or indebtedness where personal service can be had. Notices of dissolution or of sale of stock for non-payment of assessments must be published.

20. **Anti-Trust Statute.** — The anti-trust Act of North Dakota is to be found in Laws of 1907, chap. 258, 259, 260.

21. **Statutory Grounds for Forfeiture of Charter.** — Charter may be forfeited for entering illegal trusts and combinations (Laws of 1907, chap. 258). It may also be forfeited for misuser or non-use by proper action taken by the State. Also for failing for one year to transact its usual business within the State, or for failing for one year to keep and maintain a public office at its principal place of business within the State for the transaction of its usual and regular business, and at the same time, by instrument duly filed in the Secretary of State's office, appoint the last named officer its resident agent, upon whom process may be served (secs. 3265 a, 7480–7484). Also for failure to organize and commence business within one year; or for failure to file annual reports within sixty days after notice received; or for violation of anti-trust act (sec. 2913; Laws of 1905, chap. 188.

22. **Amendments.** — To increase or diminish the capital stock corporate action must be taken at a meeting of the stockholders called for that purpose by the directors as follows: Notice of the time and place of the meeting, stating its object and the amount to which it is proposed to increase or diminish its capital stock, must be personally served on each stockholder resident in the State sixty days prior to the time of such meeting at his place of residence, if known; and the notice must be given to stockholders whose places of residence are unknown, or who are not residents in the State, by the publication of such notice in a newspaper published in the county where the principal office of the corporation is situated not less than once a week for sixty days prior to such meeting. The capital stock must in no case be diminished to an amount less than the indebtedness of the corporation, or the estimated cost of the works which it may be the purpose of the corporation to construct. At least two-thirds of the entire capital stock must be represented by the vote in favor of the increase or diminution before it can be effected. A certificate must be signed by the chairman and secretary of the meeting and a majority of the directors showing a compliance with the requirements of this section, the amount to which the capital stock has been increased or diminished, the amount of stock represented at the meeting, and the vote by which the object was accomplished (sec. 2905; Laws of 1907, chap. 53).

Articles may be amended in any respect desired at a meeting called for that purpose by the directors as follows: Notice of the time and place of the meeting, stating its object, must be served in the manner prescribed in the case of increase or decrease of capital stock. At least two-thirds of the entire capital stock must

be represented by the vote in favor of the amendment or change in the articles of incorporation. A certificate must be signed by the chairman and secretary of the meeting and a majority of the directors, showing a compliance with the requirements of this section, the articles to be amended or changed, the amount of stock or the number of members represented at the meeting, and the vote by which the object was accomplished. The certificate must be filed in the office of the Secretary of State, there to be recorded in the book of corporations, and thereupon the articles shall be so amended. The written assent of the holders of three-fourths of the capital stock or members shall be as effectual to authorize the change or amendment of the articles of incorporation as if a meeting of the stockholders as prescribed by this section was called and held; upon such written assent the directors may proceed to make the certificate to the Secretary of State as herein provided (secs. 2908, 2910, 2911; as to change of corporate domicile, see Laws of 1905, chap. 66).

23. **Extension of Corporate Existence.** — Corporations may be extended for an additional period of twenty years if desired (sec. 3259).

24. **Dissolution.** — Dissolution may be had through the District Court by the State or by a private person in the name of the State (secs. 2912, 2913, 2914; Laws of 1903, chap. 59).

25. **Annual License Fee.** —There is no annual license fee.

26. **Foreign Corporations.** — Foreign corporations must file articles of incorporation and execute a power of attorney to the Secretary of State to receive process before commencing business (secs. 3261, 3263; as amended by Laws of 1905, chap. 68). They must also maintain an office within the State (Cons., Art. VII. sec. 136). The Secretary of State collects a fee of $20 for filing and recording certified copy of articles of incorporation of foreign companies, and $5 for the filing and recording of appointment of Secretary of State as attorney to receive service of process. Foreign corporations must also file annually an anti-trust affidavit. The filing fee is $2.50 (Laws of 1905, chap. 188, sec. 5).

G. R. L. Co. *v.* Company, 6 N. D. 276; 69 N. W. 691; Nat. Cash Register Co. *v.* Wilson, 9 N. D. 112; 81 N. W. 285; Washburn Mills Co. *v.* Bartlett, 3 N. D. 138; 54 N. W. 544.

OHIO.

(The references cited below are to Bates's Annotated Statutes, 1904, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Ohio is to be found in the revised statutes of Ohio, 1904, secs. 3232, 3269–3274 inclusive; also secs. 3855–3867. Corporations may be organized for any purpose for which individuals may lawfully associate themselves, excepting for carrying on professional business (sec. 3235).

2. **Incorporators.** — Not less than five, a majority of whom must be citizens of Ohio (sec. 3236).

Hessler *v.* Company, 61 Ohio St. 621; 56 N. E. 469.

3. **Contents of Articles of Incorporation.** — The articles must set forth:

a. Name. — The name must begin with the word "The" and end with the word "Company." Similarity of names as between domestic corporations is forbidden (sec. 3236, sub. 1; sec. 3238).

b. Domicile. — Place where it is to be located, and where its principal business is to be located (sec. 3236, sub. 2).

c. Purpose. — The purpose for which it is formed. This provision is construed by the Secretary of State to forbid the incorporation of companies for more than one purpose (sec. 3236, sub. 3).

d. Capital Stock. — Amount of its capital stock. Number of shares. Capitalization and par value may be any amount (sec. 3236, sub. 4). If a corporation desires to do away with cumulative voting provided for by the act, a provision must be inserted in the articles expressly providing that each share of stock shall be entitled to one vote and no more (sec. 3245 a). Provision may be inserted in subdivision d, providing for the issuance of preferred stock, and that the holders thereof shall be entitled to dividends of eight per cent per annum in each year in preference to all other stockholders (sec. 3235 a). Duration may be perpetual except for corporations engaged in buying and selling real estate, which are limited to twenty-five years (sec. 3235). Corporations may also provide in their articles that each stockholder, irrespective of the amount of stock he may own, shall be entitled to one vote and no more at any election of directors, etc. (secs. 3245 a 1, 3245 b 1).

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers, the following additional powers are granted: To issue preferred stock, to authorize voting by proxy in the election of directors, also for cumulative voting in the election of directors, if desired; for forfeiture of stock for non-payment of assessments, and for consolidating with other corporations. May hold stock in other non-competing corporations (secs. 3239, 3235, 3244, 3245, 3253, 3256). Manufacturing corporations may subscribe for stock in railroad and transportation companies (sec. 3863). Mining and manufacturing corporations may hold and convey real estate, and transact business outside of the State (sec. 3862). Corporations may stipulate that their obligations may be converted into stock (sec. 3257). Corporations may also sell out their entire property and assets under certain restrictions. (See Laws of 1906, pp. 229–231).

Greene *v.* Company, 62 Ohio St. 67; 56 N. E. 642; Lander *v.* Burke, 65 Ohio St. 532; 63 N. E. 69.

5. **Procuring the Charter.** — Articles must be subscribed and acknowledged by each of the incorporators, and the official character of the officer taking the acknowledgment must be certified to by the clerk of the court of common pleas of the county wherein taken. The articles must then be filed in the office of the Secretary of State (secs. 3236, 3238).

State *ex rel. v.* Ins. Co., 49 Ohio St. 440; 31 N. E. 658; Society Perun *v.* Cleveland, 43 Ohio St. 481; 3 N. E. 357.

6. **Corporate Indebtedness.** — Corporate indebtedness must not exceed the amount of its authorized capital stock. Provision may be made in the case of mortgage indebtedness where the same does not exceed one-half of the capital stock actually paid in, that the holders of the debt secured by such mortgage shall have the right to convert the same into either common or preferred stock (secs. 3256, 3257, 3265).

7. **Organization Tax.** — Corporations having authorized capital stock of $10,000 or under, $10; corporations with more than $10,000, one-tenth of one per cent on such capital stock (secs. 148, 148 a).

8. **Filing and Recording Fees.** — The payment of the organization tax includes the filing and recording fees in the Secretary of State's office. The incorporators are also entitled free of charge to one certified copy of the articles of incorporation. For additional copies the charge is 10 cents per hundred words and 50 cents for attaching certificate. The cost of filing certificate as to stock subscriptions is $2. For filing and recording amendments to articles of incorporation the charge is $5.

9. **Commencing Business.** — The incorporators, or a majority of them, must order books to be opened for subscriptions to the capital stock at such times and places as they may deem expedient. The act requires thirty days' notice thereof, unless the incorporators waive the same in writing, such waiver to be entered in the corporate records (sec 3242, as amended by Laws of 1906, p. 294). As soon as ten per cent of the capital stock is subscribed, the subscribers of the articles of incorporation, or a majority of them, shall so certify in writing to the Secretary of State, and thereupon give notice to the stockholders as provided in sec. 3242, to meet at such time and place as they may designate for the purpose of choosing not less than five, nor more than fifteen directors who shall continue in office until the time fixed for the annual election. (Laws of 1906, p. 294.) Publication of this notice may be waived by all of the stockholders in writing, who must be present either in person or by proxy (Laws of 1906, p. 294). As soon as these directors are elected the corporation may begin business. Business must be commenced within five years after date of incorporation (secs. 3242–3244 inclusive, 6780, Laws of 1904, p. 170).

State *ex rel. v.* Ins. Co., 49 Ohio St. 440; 31 N. E. 658.

10. **Organization Meeting.** — The organization meeting must be held within the State (sec. 3252). The law provides that the incorporators shall give notice to the stockholders, as provided in the Revised Statutes (sec. 3242), to meet at such time and place as may be designated, for the purpose of choosing not less than five nor more than fifteen directors, who shall continue in office until the time chosen for the annual election. The law, however, provides that in case all the subscribers to the capital stock are present in person or by proxy, the notice required by statute may be waived in writing (Laws of 1904, p. 170). At the first election incorporators are authorized to act as inspectors of election (sec. 3245).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (secs. 3238 a, 3245 a (1), 3252). The law provides that a corporation may provide in its articles of incorporation that each stockholder, irrespective of the amount of stock he may own, shall be entitled to one vote and no more at any election of directors (sec. 3245 a). The law further provides that where a corporation limits the votes of its stockholders in the manner indicated above, then in such case, no person shall hold or own stock in excess of $1,000 face value (sec. 3245 b (1). As to right to cumulate votes, see State *ex rel.* Stockley, 45 Ohio St. 304; State *ex rel.* Henderson *v.* Hogan, 1 W. L. B. 227; State *ex rel.* Dent *v.* Halloway, 1 C. C. 157.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be not less than five nor more than fifteen directors (Laws of 1906, pp. 294, 295). All must be stockholders, and a majority citizens of Ohio. The statute expressly authorizes the directors to adopt a code of by-laws for their own management. The directors must each subscribe to an oath of office (secs. 3244, 3247, 3248, 3250). Cumulative voting is permitted in the election of directors.

b. Liabilities. — Directors are liable for the illegal declaration of dividends (secs. 3269, 1–4). They are also personally liable for contracting debts before ten per cent of the capital stock has been subscribed.

Trust Co. *v.* Floyd, 47 Ohio St. 525; 26 N. E. 110.

13. **Stockholders' Liabilities.** — Since the Constitutional Amendment adopted in 1903, stockholders in Ohio corporations are liable only to the extent of their unpaid stock subscriptions. (See former statute, sec. 3258; see also Laws of 1904, p. 396.) The law requires that a majority of the subscribers to the articles of incorporation shall certify to the Secretary of State that ten per cent of the capital stock is subscribed. The law further provides that such stockholders shall be liable to any person affected thereby to the amount of any deficiency in the actual payment of such ten per cent at the time of so certifying (Laws of 1904, p. 170).

Wick Nat. Bank *v.* Union Nat. Bank, 62 Ohio St. 446; 57 N. E. 320; Kulp *v.* Fleming, 65 Ohio St. 321; 62 N. E. 334; Boice *v.* Hodge, 51 Ohio St. 236; 37 N. E. 265.

14. **Stock Certificates.** — Each stockholder is entitled to have a stock certificate issued to him, signed by the president and secretary (sec. 3254).

15. **Preferred Stock.** — Preferred stock is expressly authorized by providing therefor in the articles of incorporation or by subsequent action of the stockholders. Holders of preferred stock are entitled to dividends not to exceed eight per cent per annum out of the surplus profits in preference to all other stockholders. At no time can the preferred stock exceed two-thirds of the actual stock paid in in cash or property (secs. 3235 a, 3263).

16. **Payment of Capital Stock.** — Stock may be issued only for money or property. (See sec. 3235 a.)

Gates *v.* Company, 57 Ohio St. 60; Peter *v.* Company, 56 Ohio St. 181.

17. **Books.** — Must keep a stock book open to inspection of stockholders in which is recorded subscriptions and transfers of stock. Minutes of the stockholders' and directors' meetings must be kept (sec. 3254). Manufacturing companies must keep their books of account at their principal office. This is open to inspection of assessors.

C. V. Co. *v.* Hoffmeister, 62 Ohio St. 189; 56 N. E. 1033.

18. **Office and Agent.** — Every corporation must maintain an office and agent to receive service of process, and keep accounts of financial condition, and also transfer books (secs. 3236, 3855, 5651).

Mercantile Tr. Co. *v.* Elsa Iron Works, 4 Ohio Cir. Ct. 579.

19. **Reports.** — During May a report must be filed with the Secretary of State, containing among other things names and addresses of the officers and directors; amount of capital stock subscribed, issued, outstanding, and paid in; kind of business engaged in. Annual reports must also be made to stockholders (secs. 3268, 3269: Laws of 1902, p. 124).

20. **Anti-Trust Statute.** — Ohio has a somewhat drastic anti-trust statute on its statute-books (secs. 4427, 1–12).

State *v.* Gage, 72 Ohio St. 210.

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited by the State for misuser or non-user for five years, or for violation of the anti-trust act, or for failure to pay annual license tax; also for failure to file annual report (secs. 4427–4432, 6760, 6761, 6780; Laws of 1904, pp. 381–383).

State *v.* Company, 62 Ohio St. 350; 57 N. E. 62.

22. **Amendments.** — Before the capital stock can be increased, all of the original authorized stock must be fully subscribed for, and ten per cent paid in either in cash or in property. The amendment providing for the increase of stock is rendered effective by a majority vote cast at a stockholders' meeting called by a majority of the directors. At least thirty days' notice of the time, place, and object of such meeting must be given by publication and by letter addressed to each stockholder whose place of residence is known. If all of the stockholders are present in person or by proxy at said meeting, the foregoing prescribed notice may be waived. The stockholders must also agree in writing to said increase, naming the amount thereof to which they agree. A certificate of the action taken at said meeting must be filed with the Secretary of State (sec. 3262; see also Peters *v.* Company, 56 Ohio, 200). It would appear to be necessary, also, that a copy of such amendment to the original articles should be filed with the Secretary of State, together with a certificate thereto attached, signed by the president and secretary of the corporation and sealed with the corporate seal, stating the nature and date of the adoption of the amendment, and certifying that a copy thereof, to which the certificate is attached, is a true copy of the amendment as adopted (sec. 3238 a).

A corporation may by a vote of a majority of its stock at any regular meeting of the company increase the number of directors to any number not greater than fifteen; in like manner the number of directors may be decreased to any number not less than five, at any stockholders' meeting called in the manner as provided in sec. 246. At said meeting the corporation may by a vote of a majority of its stock increase the number of its directors in the manner above set forth, who shall hold office respectively until the next annual meeting for directors (Laws of 1906, p. 295).

Any corporation may at any meeting of its stockholders, of which and of the business to come before said meeting thirty days' notice has been given by a majority of the directors in a newspaper of general circulation published in the county where the principal place of business of said corporation is located,

by a vote of three-fifths of its subscribed capital stock, amend its articles so as to change its corporate name, or its domiciliary office, or so as to modify, enlarge, or diminish the purposes for which it is formed, provided the original purposes are not substantially changed, or so as to add anything omitted therefrom, or which might lawfully have been provided for in the original articles. When adopted, a copy of such amendment with a certificate thereto attached, signed by the president and secretary of the corporation under the corporate seal, stating the fact and date of the adoption of the amendment, and that such copy is a true copy of the original, must be recorded in the office of the Secretary of State. Before the amendment can take effect, the secretary of the corporation must give notice of such amendment for three successive weeks in some newspaper of general circulation in the county where the principal place of business is located. Publication of all of the foregoing notices may be waived in writing by all of the stockholders signing such waiver (sec. 3238 a).

State *ex rel.* Taylor, 55 Ohio St. 67.

23. **Extension of Corporate Existence.** — There is no provision for extension of corporate existence.

24. **Dissolution.** — A majority of the managing board or stockholders, representing one-third of the capital stock, may apply to the court of common pleas for dissolution (R. S., secs. 5651–5688 inclusive; O. L., 1902, p. 274). Charters may be surrendered if desired before any instalment of capital stock has been paid in or debts incurred, by complying with the statute in such case made and provided (sec. 5674; Laws of 1904, p. 383).

Domestic corporations may sell out their entire property and assets under the following conditions: First. That three-fourths of the directors of such corporation shall authorize the execution of an agreement therefor, prescribing the terms and conditions thereof, which considerations may be money, stocks, bonds, or other instruments for the payment of money, or any valuable consideration. Second. Such sale must not be made for the purpose of forming any trust or combination for the purpose of restricting trade or competition. Third. Such agreement shall be submitted to the stockholders of such corporation, at a meeting called for the purpose, of taking the same into consideration, of which ten days' notice of the time and place of holding the same, and the object thereof, shall be given by registered letter, containing a written or printed notice addressed to each of the persons in whose names the capital stock of the said corporation stands on the books thereof; and also by like notice published in some newspaper in the city or town where such corporation has its principal office or place of business; provided that in case all the stockholders are present at said meeting in person or by proxy, such notice may be waived in writing. At the meeting of the stockholders the agreement of the directors shall be considered, and the vote by ballot taken for the adoption or rejection of the same, and if each share of stock upon which has been paid all the instalments called for by the board of directors, the holder thereof shall be entitled to one vote. The ballots shall be cast in person or by proxy, and if three-fourths of the votes cast at the meeting be for the adoption of the agreement by the stockholders of said corporation, the officers thereof shall execute and deliver to the purchaser good and sufficient deeds to purchasers of all of the property and assets of the corporation upon the terms and conditions in said agreement provided. Fourth. If any stockholder in the said corporation shall be dissatis-

fied with the said sale and refuses to participate in the proceeds thereof, he shall, within thirty days after the adoption of such agreement by said corporation, state his objections thereto in writing and file the same with said corporation and demand in writing from said corporation payment for his stock, and said corporation, shall within sixty days thereafter pay to him the value of his stock at the time of the adoption of said agreement. In case of a disagreement as to the value of said stock it shall be ascertained by three disinterested persons, one of whom shall be chosen by the said stockholder, one by the directors of the corporation, and the other by the two selected as aforesaid, who shall conduct such arbitration in all respects as provided by law regarding arbitrations. And in case the said award is not paid within sixty days from the making thereof and notice thereof given to said stockholder and to said corporation, the amount of the award shall be evidence of the amount due from such corporation and may be collected as other debts are by law collectible, but on receiving payment of the award such stockholder shall surrender his stock to said corporation. Fifth. If any stockholder refuses to submit the question to arbitration, the judge of the court of common pleas shall, upon the application of a director of such company, appoint the arbitrators, who shall proceed to ascertain the value of the stock in the same manner as if the question had been submitted by consent of both parties; and if the party owning the stock refuses to receive the amount awarded in the case, the company may deposit the same with the clerk of the court of common pleas of the county in which the arbitration is held, which deposit shall operate the same as if payment were made to the owner of the stock, and shall further operate as a cancellation of said stock upon the books of the company. In all cases of such arbitration the party desiring such arbitration shall give the opposite party ten days' notice at least of his intention to apply for the judge for the appointment of arbitrators, which notice shall be served in the same manner as is provided for the service of summons and shall specify the time and place of the hearing of the application; but in cases of non-residents, the notice shall be by publication for four consecutive weeks in some newspaper printed in the county (Laws of 1906, pp. 229–231).

25. **Annual License Fee.** — One-tenth of one per cent upon subscribed or issued and outstanding stock (secs. 2780–24). Tax is due in September.

26. **Foreign Corporations.** — Before commencing to transact business within the State every foreign corporation must, under oath of its president, secretary, treasurer, superintendent, or managing officer within the State, make and file with the Secretary of State a statement containing the following facts: (1) Number of shares of authorized capital stock and par value thereof; (2) Name and location of the office and officers of the company in Ohio, and the name and address of the officers or agents of the company in charge of its business in Ohio; (3) The value of the property owned and used by the company in Ohio, where situate, and the value of the property owned and used outside of Ohio; (4) The proportion of the capital stock of the company which is represented by property owned and used, and by business transacted in Ohio. Thereupon the Secretary of State shall determine the proportion of the capital stock represented by property and business in Ohio, and shall impose and collect a tax of one-tenth of one per cent upon the proportion of the authorized capital stock of the corporation, represented by property owned and used, and business transacted in Ohio. This tax is payable annually thereafter. Foreign corporations transacting business without a permit are subject to

fine, and are cut off from all recourse to the courts. The law, however, provides that a foreign corporation obtaining a permit shall not be subject to attachment as a foreign corporation (Laws of 1904, p. 383). Foreign corporations must make annual report to the Secretary of State during the month of September, setting forth: (1) Name of corporation and under laws of what State or country organized. (2) Location of principal office. (3) Names of president, secretary, treasurer, and directors and post-office address of each. (4) Date of annual election of officers. (5) Authorized capital stock and par value of each share. (6) Amount of stock subscribed, amount issued, and amount paid up. (7) Nature of business and place or places of business within the State and without the State. (8) Name and location of its office or offices in Ohio and the name and address of the officers or agents in charge of the corporate business in Ohio. (9) Value of property owned and used by the company in Ohio, where situated, and value and property owned and used outside of Ohio and where situated. (10) Change or changes, if any, in the above particulars since the last report (Laws of 1904, p. 383).

This report must be signed and sworn to by one of the executive officers of the corporation and filed with the Secretary of State.

It must be noted that there are two laws in this State applying to foreign corporations. The one referred to above — the Act of April 25, 1893 — requires a foreign corporation doing business in the State — that is, a corporation which maintains an office or an agent in the State to file with the Secretary of State a sworn copy of its charter or articles of incorporation, and a statement under its corporate seal setting forth the amount of its authorized capital stock, the kind of business proposed to be carried on, and designate a principal office or place of business and a person upon whom process may be served, and pay a fee proportioned to the amount of its authorized capital stock.

The other is the Act of May 16, 1894, additional to the Act of April 25, 1893, but it applies only to such foreign corporations as own or use a portion or all of their capital or plant in this State. Such corporations must comply with both laws; and, in addition to the license fee prescribed by the Act of April 25, 1893, must pay a franchise tax of one-tenth of one per cent upon the proportion of the authorized capital stock represented by property owned, or business done in the State of Ohio. If only a portion of the property is owned and used, and only a portion of the business is done in this State, the corporation is taxed only in the proportion so represented, which is the measure of the franchise enjoyed here; but if all the property owned and all the business done by the corporation is in Ohio, then the tax must be paid on the entire authorized capital stock, no matter if only a portion of the authorized capital stock has been issued.

Under section 148, known as the Massie Law, Ohio corporations are required to pay to the State, for the privilege of becoming incorporated, a fee or franchise tax of one-tenth of one per cent upon the authorized capital stock. It matters not what the subsequent issue of capital stock may be, the fee is based upon the entire amount of the authorized capital stock. The Act of May 16, 1894, is designed to impose upon foreign corporations the same burden that is imposed upon domestic corporations. It is not for the privilege of doing business, but is a condition upon which a foreign corporation may exercise its franchises in Ohio. By express provision, it exempts from its application all corporations engaged in Ohio in interstate commerce business, and foreign corporations,

entirely non-resident, soliciting business, or making sales in this State by correspondence or travelling salesmen. The tax, therefore, is imposed only upon those corporations which the State, in the exercise of its sovereign power may either exclude from the State altogether, or admit upon such terms and conditions as it may see fit to impose.

W. U. Telegraph Co. *v.* Mayer, 28 Ohio St. 521; Clarke *v.* C. R. R. & B. Co. *et al.*, 50 Fed. Rep. 338; Toledo, etc. Co. *v.* Glum, etc. Co., 55 Ohio St. 217; 45 N. E. 197; Gen. Electric Co. *v.* Lima Electric Co., 4 Ohio Nisi Prius Rep. 167; State *v.* Sherman, 22 Ohio St. 411; Lander *v.* Burke, 65 Ohio St. 532; 63 N. E. 69.

OKLAHOMA.

(The references cited below are to Wilson's Annotated Statutes of 1903, chap. 17, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act is to be found in chap. 17, Arts. I. to XXI. of the Statutes of 1903. Parties may incorporate under the General Act for the following purposes: Mining, manufacturing, and other industrial pursuits, the construction of railroads, wagon roads, street railways, electric light, power, and gas plants, water works, irrigating ditches, eleemosynary purposes, for conducting the business of insurance, banks of discount and deposit (but not of issue), building and investment companies, loan, trust, and guarantee corporations, merchandizing, wholesale or retail or both; for the purpose of locating, laying out, and improving town sites, and buying and selling real estate therefor, including the sale and conveyance of the same in lots, subdivisions, or otherwise; for the purpose of constructing telegraph and telephone lines and systems, and the organization and maintenance of commercial clubs and business exchanges, and for the purpose of constructing sewers and other municipal improvements (sec. 12 as amended by Laws of 1903, chap. 9).

2. **Incorporators.** — Not less than three, one-third of whom must be residents of the State (sec. 12 as amended by laws of 1903, chap. 9).

3. **Contents of the Articles of Incorporation.** — The articles must set forth:

a. Name. — The Secretary of State will not permit two domestic corporations of the same name.

b. Purposes. — Purposes for which it is formed. State officials allow articles to pass allowing incorporation for different lines of industrial business, so long as they do not conflict with any special statute in regard to the organization of corporations.

c. Domicile. — The place where the principal business is to be transacted.

d. Duration. — The term of existence of corporations formed for manufacturing and other industrial pursuits is limited to twenty years.

e. Directors. — Number of directors and names and residences of those who are to serve until formal election of the first board of directors. The qualifications of the directors must also be set forth.

f. Capital Stock. — The amount and number of shares into which it is divided. Both the capital and the par value of shares may be any amount (sec. 14).

4. **Statutory Powers.** — In addition to the enumeration of common law powers the statute confers the following additional powers: To purchase its own shares; to vote by proxy; to have a business office without the State at any place within the United States, and to hold any meeting of the stockholders or directors of the corporation at said office; to forfeit stock for nonpayment of assessments; to remove directors; to provide penalties to the amount of $100 for violation of by-laws (secs. 27, 30, 32, 34, 43, 44, 56–75, 161). The power to adopt by-laws may be delegated to the board of directors by a two-thirds vote of the stockholders (sec. 35).

Topeka Paper Co. v. Company, 7 Okla. 220; 54 Pac. 455.

5. **Procuring the Charter.** — The articles must be subscribed by each of the incorporators and acknowledged before some officer authorized to take acknowledgments of conveyances of real property. The articles must then be filed and recorded with the Secretary of State (secs. 17, 18). Collateral inquiry into the legality of corporate existence is forbidden (sec. 4).

6. **Corporate Indebtedness.** — The corporate indebtedness is limited to the amount of subscribed capital stock (sec. 41).

Rodgers *v.* Bonnett, 2 Okla. 553; 37 Pac. 1078.

7. **Organization Tax.** — There is no organization tax imposed upon corporations.

8. **Filing and Recording Fees.** — To the Secretary of State for filing articles, $5; for recording articles, 10 cents per folio of one hundred words; for issuing certificate of incorporation, $3; for affixing certificate to copy of articles, $1; for making copy of articles, 10 cents per folio.

9. **Commencing Business.** — The company must be organized and business must be commenced within one year from the date of the issuance of the certificate of incorporation. Mining, manufacturing, and industrial corporations must commence the construction of their works within ninety days from the date of issuance of certificate of incorporation and must complete the same within two years. The company must be organized — to the extent of the adoption of by-laws at least — within thirty days after the filing of articles of incorporation (secs. 33, 52).

10. **Organization Meeting.** — The organization meeting may be held without the State if the charter so provides. By-laws must be adopted within thirty days after filing articles of incorporation. The by-laws must be adopted by a majority vote of the subscribed capital stock at a meeting called on two weeks' notice in a newspaper published in the county where the principal place of business is located. The first meeting may, however, be dispensed with and by-laws be adopted by written assent or two-thirds vote of the stockholders (sec. 962). The by-laws must be certified to by a majority of the directors and the secretary and be kept in a book of by-laws (sec. 964). The corporation must be organized and commence business within one year from date of incorporation (secs. 33, 52, 161; see also sec. 47).

11. **Meetings of Stockholders and Directors.** — If the charter so provides, both the stockholders' and directors' meetings may be held without the State. Otherwise the stockholders' meetings must be held within the State, and the directors' meetings wherever the by-laws provide (secs. 45, 161; see also sec. 47).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors and not more than eleven, all of whom must be stockholders. One-third of the officers must be residents of the State. At the first meeting at which by-laws are adopted, or at such subsequent meetings as may then be designated, directors may be elected to hold their office for one year or until their successors are elected and qualify (secs. 9, 37, 39). The power to adopt by-laws may be delegated, by a two-thirds vote of the stockholders, to the directors (sec. 35).

b. Liabilities. — Directors are liable for illegally increasing or reducing the stock of the corporation, for declaring illegal dividends; also for making false reports, for creating debts beyond the amount of subscribed capital stock, and for making loans to stockholders (secs. 41, 42, 156). Penal provisions are also

in force, punishing frauds on the part of boards of directors and officers of a corporation. Directors are deemed to have knowledge of acts of the board, and any director will be held liable therefor unless he causes his dissent to be entered in the corporate records provided he remains a director for six months thereafter. (See Stat. 1903, secs. 2444–2465.)

13. **Stockholders' Liabilities.** — Stockholders are liable for debts of the company to the extent of their unpaid stock subscriptions. Also for debts due mechanics, workmen, and laborers employed by the corporation (secs. 46, 158).

Chicago Bldg. & Mfg. Co. *v.* Lyon, 10 Okla. 704; 64 Pac. 6.

14. **Stock Certificates.** — Stock certificates must be signed by the president and secretary (secs. 48, 288).

15. **Preferred Stock.** — The act makes no special provision for the issuance of preferred stock.

16. **Payment of Capital Stock.** — Corporations can issue stock for money, labor done, or money or property actually received. The act expressly provides that all stock certificates issued in excess of the capital stock shall be void.

17. **Books.** — Stock transfer books and a journal of the meetings of directors and stockholders must be kept open for inspection of stockholders, but the place where such book is to be kept is not specified by statute (secs. 35, 50, 157).

18. **Office.** — The act requires every corporation to have its main office for the transaction of its business within the State (secs. 45, 161).

19. **Reports.** — Corporations for mining, manufacturing, and other industrial pursuits must annually, within twenty days from the 1st day of January, make a report which must be published in some newspaper published at the place where the principal business of the corporation is carried on, stating the capital stock, and the amount thereof actually paid in, the amount and rating of its indebtedness, and the amount due the corporation, the number and amount of dividends and when paid, and the net amount of profits. This report must be signed by the president and a majority of the directors, and verified by the president or secretary, and filed in the office of the register of deeds of the county where the corporate business is carried on (sec. 159).

20. **Anti-Trust Statute.** — Certain classes of trusts and combinations are prohibited. (See Stat., sec. 6140.)

21. **Statutory Ground for Forfeiture of Charter.** — The charter may be forfeited for failure to organize and commence the transaction of business within one year from filing articles, also by neglect, abuse, or surrender of its corporate rights (sec. 52; Stat., secs. 5357–5359).

22. **Annual Franchise Tax.** — There is no annual franchise tax in Oklahoma.

23. **Amendments.** — Articles may be amended in any particular, except for increasing or decreasing the capital stock, by having the directors and officers of the company execute new articles to be known as "Amended Articles of Incorporation." The latter must set forth clearly and specifically the amendments desired. The articles as amended must be filed with the Secretary of State (sec. 16). The foregoing section undoubtedly contemplates action by the stockholders on the proposed amendment prior to the execution of the certificate of amendment by the directors and officers.

To increase or diminish the capital stock action must be taken at a meeting

of the stockholders called for that purpose by the directors as follows: (1) Notice of the time and place of the meeting, stating its object and the amount to which it is proposed to increase or diminish its capital stock, must be personally served on each stockholder resident in the State, at his place of business, if known, and if not known, at the place where the principal office of the corporation is situated, and be published in a newspaper published in the county of such principal place of business, once a week for four weeks successively. (2) The capital stock must in no case be diminished to an amount less than the indebtedness of the corporation or the estimated cost of the works which it may be the purpose of the corporation to construct. (3) At least two-thirds of the entire capital stock must be represented by the vote in favor of the increase or diminution before it can be effected. (4) A certificate must be signed by the chairman and secretary of the meeting and a majority of the directors, showing compliance with the requirements of this section, the amount to which the capital stock has been increased or diminished, the amount of stock represented at the meeting, and the vote by which the object was accomplished. (5) The certificate must be filed in the office of the Secretary of State, there to be recorded in the book of corporations, and thereupon the capital stock shall be so increased or diminished. (6) The written assent of the holders of three-fourths of the subscribed capital stock shall be as effectual to authorize the increase or diminution of the capital stock as if a meeting were called and held, and upon such written assent the directors may proceed to make the certificate herein provided for (sec. 49).

24. **Extension of Corporate Existence.** — Corporate existence may be extended, if desired, by compliance with the statute (sec. 262).

25. **Dissolution.** — Two-thirds vote of the stockholders authorizes petition for dissolution in the District Court. Failure to commence business within one year from date of incorporation dissolves such company (Stat., secs. 5357–5359; chap. 17, Art. V. secs. 51, 52).

26. **Foreign Corporations.** — Foreign corporations must file in the office of the Secretary of State an authenticated copy of their charter, and appoint an agent to receive process. This agent must reside in the county where the principal business of the corporation is to be carried on. An authenticated copy of the agent's appointment must be filed in the office of the Secretary of State, and also in the office of the register of deeds of the county where the agent resides. Foreign corporations pay merely filing fees. These amounts vary anywhere from $11.25 to $20, owing to the length of the articles. There is no annual license fee imposed (chap. 17, Art. XXI.).

Keokuk Falls Imp. Co. *v.* K. & D. M. Co., 5 Okla. 32; 47 Pac. 484; Myatt *v.* Company, 14 Okla. 220; 78 Pac. 185.

OREGON.

(The references cited below are to Bellinger & Cotton's Annotated Code and Statutes (1902), unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Oregon is to be found in secs. 5052–5073 of chap. 1, Title 41, Bellinger & Cotton's Annotated Code of the Statutes of Oregon, as amended by the Laws of 1903. Under this act corporations may be formed for any lawful business enterprise.

2. **Incorporators.** — Three or more persons. There are no residential requirements (sec. 5052).

Rutherford *v.* Hill, 22 Ore. 218; 29 Pac. 546; Miller *v.* Company, 3 Ore. 25; Coyote, etc. Co. *v.* Ruble, 8 Ore. 285.

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — Similarity of names with existing corporations is expressly forbidden (Laws of 1903, p. 41).

b. Duration. — May be unlimited if desired.

c. Purposes. — Enterprise, business, pursuit, or occupation in which the corporation proposes to engage. State officials permit the insertion of any number of purposes in the articles.

Maxwell *v.* Akin, 89 Fed. 180.

d. Domiciliary Office. — Place where the corporation proposes to have its principal place of business or places of business.

e. Capital Stock. — Amount thereof, which is unlimited.

f. Number and Par Value of Shares. — These may be any amount.

g. If the corporation is formed for the purpose of navigation, constructing railroads, roads, canals, or bridges, the termini of such navigation road or of the site of the bridge must be set forth (sec. 5055).

Killingsworth *v.* Company, 18 Ore. 351; 23 Pac. 66.

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers the corporation has the following additional powers: To accept donations of real and personal property from cities, municipalities, and persons; to forfeit the stock of its members for non-payment of assessments; to permit railroad companies to consolidate; to authorize voting by proxy (secs. 5056, 5071); to sell all the property of the corporation upon the consent of two-thirds of the stockholders (Laws of 1905, chap. 194). As to the power to exercise the right of eminent domain, see Laws of 1907, chap. 147.

O. R. & N. Co. *v.* O. R. Co., 130 U. S. 1; 9 Sup. Ct. 409; Holladay *v.* Elliott, 8 Ore. 85.

5. **Procuring the Charter.** — The articles must be subscribed and acknowledged by each of the incorporators, and should be executed in triplicate. One of these must be filed in the office of the Secretary of State, another with the clerk of the county where the corporate business is to be carried on, or where the principal place of business is to be located, and a third should be retained in the possession of the company (sec. 5053). Before a certificate of incorporation will be issued, not only must the organization tax be paid, but the propor-

tionate amount of the annual franchise tax for the first year as well (Laws of 1903, p. 44). The Secretary of State thereupon issues a certificate of incorporation (Laws of 1903, pp. 40, 41; Laws of 1905, chap. 50).

Wash., etc. Ass'n *v.* Stanley, 38 Ore. 319; 63 Pac. 489.

6. **Corporate Indebtedness.** — There is no limit upon the amount of corporate indebtedness.

7. **Organization Tax.** — Where the capital stock shall not exceed $5,000, the organization tax is $10; where it exceeds $5,000 and does not exceed $10,000, $15; where it exceeds $10,000 and does not exceed $25,000, $20; where it exceeds $25,000 and does not exceed $50,000, $25; where it exceeds $50,000 and does not exceed $100,000, $35; where it exceeds $100,000 and does not exceed $250,000, $45; where it exceeds $250,000 and does not exceed $500,000, $60; where it exceeds $500,000 and does not exceed $1,000,000, $75. Where the capital stock shall exceed $1,000,000 a fee of $75, for each $1,000,000 or fraction thereof in excess of $1,000,000 must be paid (Laws of 1907, chap. 237).

8. **Filing and Recording Fees.** — The payment of the organization tax covers the filing and recording fees in the office of the Secretary of State. The charge for certified copy of certificate of incorporation is 25 cents for each one hundred words, and $2 for affixing certificate thereto. For filing and recording certificate with county clerk the fee is $2.50 (Laws of 1907, chap. 237).

9. **Commencing Business.** — As soon as the articles are filed as required by law and one-half of the capital stock has been subscribed and the annual tax for the succeeding fraction of the fiscal year has been paid, the corporation may commence the transaction of business (secs. 5053, 5057, Laws of 1907, chap. 237). Directors must be elected and business commenced within one year from time of filing articles (secs. 5057, 5067; Laws of 1905, chap. 50).

C. G. & S. M. Co. *v.* Ruble, 8 Ore. 285; Holladay *v.* Elliott, 8 Ore. 85; Willamette Freighting Co. *v.* Stanners, 4 Ore. 262; McVicker *v.* Cone, 21 Ore. 353; 28 Pac. 76; Nickum *v.* Burckhardt, 30 Ore. 464; 47 Pac. 788; 48 Pac. 474.

10. **Organization Meeting.** — The organization meeting must be held within the State in the absence of any statute providing otherwise. Provision is made for the calling of the organization meeting. At the incorporators' meeting the incorporators act as inspectors of election, and certify that they will elect directors, and appoint time and place for their first meeting (sec. 5058). Directors cannot be elected until one-half of the capital stock has been subscribed (sec. 5057).

Nickum *v.* Burckhardt, 30 Ore. 464; 47 Pac. 789; 48 Pac. 474.

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. The provision that a majority of the directors shall be residents of the State practically renders it necessary to hold the directors' meetings within the State unless the expedient is resorted to of delegating the powers of directors to an executive committee composed of a minority of the directors (sec. 5062). Under a recent amendment mining corporations may hold meetings of its directors outside of the State of Oregon (Laws of 1905, chap. 190).

Doernbecker *v.* Company, 21 Ore. 573; 28 Pac. 899.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must not be less than three directors, all of whom must be stockholders, and, except in the case of corporations of the character mentioned below, a majority of the board must be residents of the State (secs. 5057, 5059). A ma-

jority of the directors of any corporation incorporated for the purpose in whole or in part of and actually engaged as its principal business in acquiring, owning, or working mines, or acquiring or owning or operating mills, reduction works, smelters, or power plants for mining purposes, or acquiring or constructing of operating steam or electric railroads as a common carrier may, while said corporation is so engaged in the business aforesaid as its principal business and no longer, reside out of the State of Oregon. Any such corporations may also have officers and directors without this State and meetings of directors may be held without the State; but at least one director of every such corporation shall reside in the State, and every such corporation, if its president does not reside within the State, must at all times maintain within the State, and within the county where its principal office and place of business is located, an agent upon whom service of summons and process issued to or against such corporation may be served (Laws of 1907, chap. 146). Each director must subscribe to an oath of office (sec. 5059). Less than a majority may constitute a quorum if desired (sec. 5062).

Silsby *v.* Strong, 38 Ore. 36; 62 Pac. 633.

b. Liabilities. — Directors are liable for the illegal declaration of dividends, and for the unlawful withdrawal of capital (sec. 5066).

Patterson *v.* Thompson, 86 Fed. 85; 90 Fed. 647.

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions (Cons., Art. XI. secs. 3, 5065).

Lee *v.* Imbrie, 13 Ore. 510; 11 Pac. 270; Brundage *v.* Company, 12 Ore. 322; 7 Pac. 314; Hawkins *v.* Company, 38 Ore. 544; 64 Pac. 320; Aldrich *v.* A. C. & D. Co., 24 Ore. 32; 32 Pac. 756; Balfour *v.* Company, 27 Ore. 300; 41 Pac. 164.

14. **Stock Certificates.** — Each stockholder is entitled to a certificate showing the number of shares held by him, signed by such officers as the by-laws may prescribe.

15. **Preferred Stock.** — There is no express provision authorizing the issuance of preferred stock.

16. **Payment of Capital Stock.** — Stock may be paid for in money or money's worth.

On the subject of payment of capital stock the Supreme Court of Oregon has recently given utterance to the following valuable opinion:

"The appellant's contention is that the corporation, through its board of directors, exercised its best judgment as to values of properties taken over in exchange for stock, and acted in good faith in accepting the property, including the good-will of a partnership concern, in full payment of the capital stock issued, and therefore the transaction is unimpeachable at the suit of creditors; in other words, the stockholders must be held to be exonerated from all liability to the corporation for the benefit of the creditors, except in case of actual fraud charged against the corporation and stockholders, and affirmatively proven.

"The directors of a corporation, in the absence of a constitutional or statutory inhibition to the contrary, may receive property in payment for stock in any case in which they are authorized under the charter to purchase for the benefit of the corporation, and to subserve the purposes for which it is organized.

"If the nature of the property [so purchased] and the extent of the overvaluation thereof [by the directors] are such that the excess valuation may have possibly been due to error in honest conviction or judgment, then, to render the transaction invalid, actual fraud must be shown, and it is one of fact. The

real question in cases of this character being whether the property was placed and taken at a high valuation with a fraudulent intent of evading the plain meaning of the law. It is competent for the determination of this question to take into consideration the value of the property, the purposes for which it is accepted, and all the conditions and circumstances attending and surrounding the transaction, and if, from the whole, it appears that the board has acted in good faith in the honest exercise of its best judgment, no adverse presumption impeding, then are its acts conclusive, otherwise not." Macbeth *v.* Banfield (Ore.), 78 Pac. 693.

17. **Books.** — The stock book and all other books of the corporation, necessary in carrying on its business, must be kept within the State at the principal office (sec. 5063). They are open to inspection at all reasonable hours.

18. **Office and Agent.** — Every corporation must maintain an office within the State at all times (sec. 5055). In the case of mining and those corporations specially authorized to have a majority of the directors non-residents of the State (see *ante*, sec. 12), the law provides that such corporations must file with their annual statement a power of attorney appointing a person therein named as its duly authorized agent to receive service of process upon it. This power of attorney must also give the full name and residence of the agent (Laws of 1907, chap. 146).

19. **Reports.** — All corporations shall, during the month of June of each year, furnish the Secretary of State with a statement sworn to by one of the officers, setting forth the name of the corporation, location of its principal office, names of its president, secretary, and treasurer, and their post-office addresses, date of annual election of officers and directors, amount of authorized capital stock, number and par value of shares, amount of capital stock subscribed, amount issued and paid up (Act of Feb. 16, 1903, sec. 5). In the case of mining and other corporations specially authorized to have a majority of their board of directors non-residents of the State (see *ante*, sec. 12), there must be filed with the annual statement a power of attorney appointing a person therein named as duly authorized agent of the corporation for service of process upon it. This power of attorney shall state the agent's full name and residence (Laws of 1907, chap. 146). Mining corporations must, during the month of June in each year, furnish to the Secretary of State a report setting forth certain particulars as to their business. Mining corporations whose annual output shall not exceed the sum of $1,000, shall, upon the filing of such report, be exempt from the payment of the annual license fee now provided by law, and in lieu thereof shall pay an annual license fee of $10. They can, however, avoid the making of such report, if they shall pay the annual license fee required of other domestic corporations of like capitalization (Laws of 1905, chap. 50).

20. **Anti-Trust Statute.** — There is no anti-trust statute in force in Oregon.

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited, if the corporation for any period of six months after the commencement of business neglects or ceases to carry on the same. They may also be forfeited for abuse or misuser of corporate powers, or for failure to elect directors and commence business within one year after filing articles of incorporation (sec. 5067). The right to transact business is in abeyance while the annual franchise tax is in default (Laws of 1903, p. 39 *et seq.*). The charter may be forfeited for non-payment of license fee for two successive years (Laws of 1905, chap. 172). Charter may be forfeited for violation of statute law, for non-

user of its franchise, for doing or omitting to do any act which amounts to a surrender of its franchise, or for exercising a franchise or privilege not conferred upon it by law (secs. 366, 367).

22. **Amendments.** — Any corporation may, at any meeting of the stockholders called for that purpose, by a vote of a majority of the stock, increase or diminish its capital stock or the amount of shares thereof (sec. 3235, Hills' Annotated Laws of Oregon). The stockholders may, by a majority vote of the stock, change the general place of business (sec. 5072).

The directors of any corporation may file supplemental articles of incorporation at any time when a three-fourths vote of all the stock subscribed shall so determine, for the purpose of engaging in any business cognate or germane to the original objects or primary purposes of said corporation not in violation of law, or at any time when a seven-eighths vote of all the stock subscribed shall so determine, for the purpose of engaging in any new enterprise or pursuit not in violation of law, or for the purpose of change in part of their road or canal or other terminus, or both, when not in violation of law or any contract entered into by such corporation; the directors shall cause a notice to be published of the filing of such supplemental articles setting forth the object of the same (sec. 5073; Laws of 1905, chap. 50).

23. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence.

24. **Dissolution.** — Corporations may be dissolved by a majority vote of the stockholders of the corporation (sec. 5070; Laws of 1903, p. 41).

25. **Annual License Fee.** — Every corporation organized under the laws of the State of Oregon, except corporations formed or organized for any educational, literary, scientific, religious, or charitable purpose, and every foreign corporation, joint-stock company, or association now doing business in this State, or that may hereafter do business within this State, except fire, marine, fire and marine, life, accident, life and accident, plate glass and steam boiler insurance companies, and surety companies, shall pay an annual license fee in proportion to the amount of its authorized capital stock; viz.: Where total authorized capital stock is not in excess of $5,000, $10; where it exceeds $5,000 and does not exceed $10,000, $15; where it exceeds $10,000 and does not exceed $25,000, $20; where it exceeds $25,000 and does not exceed $50,000, $30; where it exceeds $50,000 and does not exceed $100,000, $50; where it exceeds $100,000 and does not exceed $250,000, $70; where it exceeds $250,000 and does not exceed $500,000, $100; where it exceeds $500,000 and does not exceed $1,000,000, $125; where it exceeds $1,000,000 and does not exceed $2,000,000, $175; where it exceeds $2,000,000, $200 (Laws of 1903, p. 43). The tax becomes due and payable July 1st of each year.

Every corporation formed or organized under and pursuant to the laws of the State of Oregon, for the purpose of engaging in the business of mining for any of the precious metals, and whose business it shall be to engage in said business only, and whose annual output or products shall not exceed in value the sum of $1,000, shall thereupon be exempt from the payment of the annual license fee above set forth, but in lieu thereof shall pay an annual license fee of $10 (Laws of 1907, chap. 237).

26. **Foreign Corporations.** — A foreign corporation must file with the Secretary of State a declaration of its purposes to engage in business within the State, and state name under which it proposes to transact business, name of State under whose laws it is organized, location of its home office, date of

its incorporation, amount of capital stock, nature of its business, location of its principal office within the State, name of its attorney in fact, names and addresses of its principal officers and directors, and name and residence of principal agent within the State; also certified copy of its charter, certified to by the legal keeper of the original, together with a certificate of the Secretary of State of the State issuing the charter as to whether said articles of incorporation are genuine; and must pay to the Secretary of State $50 for filing and recording the same, together with annual license fee for the succeeding fraction of the year. The annual license tax is the same as for domestic corporations. Must also file annual reports same as domestic corporations, and must appoint an attorney within the State upon whom process may be served (Act of February 16, 1903, secs. 6, 7). The attorney so appointed must be a citizen of the United States, and a citizen and resident of Oregon (Laws of 1903, p. 47, sec. 7).

O. & W. T. J. Co. *v.* Rathburn, 5 Saw. 32; Commercial Bank *v.* Sherman, 28 Ore. 573; 43 Pac. 658; Singer Mfg. Co. *v.* Graham, 8 Ore. 18; Aldrich *v.* Anchor Coal, etc. Co., 24 Ore. 32; 32 Pac. 756.

PENNSYLVANIA.

(The references below are to the Legislative Assembly Laws of Pennsylvania for the various years mentioned, and are referred to under the date the act was adopted, together with the reference to pages of the Pamphlet Laws of that particular year. The latter are referred to as P. L.)

1. **Statutes under which Business Corporations may incorporate.** — Much of the hopeless confusion that may be discovered upon a cursory examination of the Business Corporation Laws of Pennsylvania may be removed by the following explanatory statement: On April 7, 1849, the Legislature of Pennsylvania passed an act for the incorporation of manufacturing companies. This was followed in 1854 by the enactment of the Mining Company Act, providing for the incorporation of mechanical and mining companies. On July 18, 1863, an act was passed providing for the incorporation of quarrying, manufacturing, and mechanical companies. On April 29, 1874, a general act was passed providing for the organization of a large number of classes of corporations. Under this act corporations could be organized for any specific purpose mentioned in the act. It was, however, limited at that time in its operation and did not permit of incorporation for all purposes. The act was later amended so as to permit of incorporation for any one kind of business not otherwise provided for. Corporations are now incorporated under the Act of April 29, 1874, and acts amendatory thereof. The various statutes in Pennsylvania referring to the earlier Incorporation Acts of 1849, 1854, and 1863 are binding only upon corporations previously created under these acts. The Corporation Act of July 9, 1901 (P. L. 313), provides that all previous acts inconsistent therewith shall be repealed by the provisions of this act. Special acts are provided for banks, trust companies, railway, canal, navigation, insurance, building, and loan companies, and eleemosynary corporations (1874, April 29, P. L. 73; 1893, June 10, P. L. 435; 1901, July 9, P. L. 624, sec. 1; 1903, April 23, P. L. 204).

2. **Incorporators.** — Three or more persons, one of whom must be a citizen of Pennsylvania (1901, May 29, P. L. 326, sec. 1; 1903, April 23, P. L. 273).

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — Similarity of names is forbidden. A charter will be refused where the proposed name is already in use by another domestic corporation (1874, April 29, P. L. 73, sec. 3; 1903, April 22, P. L. 251).

American Clay Mfg. Co. *v.* Company, 198 Pa. 189; 47 Atl. 936; Nether Providence Ass'n, 12 Pa. C. C. 666.

b. Purposes. — Purposes for which corporation is formed. Only one purpose may be inserted. Certificates for incorporation of manufacturing or mercantile companies must describe in a general way the goods to be manufactured or sold (1874, April 29, P. L. 73, sec. 3; 1893, June 10, P. L. 435. See cases in Vol. 3 of Pepper & Lewis' Digest of Pennsylvania Decisions, pp. 4769–4777, 4801–4808).

c. Domicile. — Place or places where business is to be transacted (1874, April 29, P. L. 73, sec. 3).

d. Duration. — Term of existence. May be perpetual, if desired (1874, April 29, P. L. secs. 1, 3, 4).

e. Subscribers' Names and Subscriptions. — Names and residences of subscribers and number of shares subscribed for by each (1874, April 29, P. L. 73, sec. 3).

f. Directors. — Number of directors to be not less than three; also names and residences of those for the first year (1874, April 29, P. L. 73, sec. 3; 1901, April 19, P. L. 51). Where a corporation has only three directors, it has been held that the treasurer cannot be named as one of these (Corporation Officers, 3 Pa. Cir. Ct. 188).

g. Capital Stock. — Amount thereof. Number and par value of shares. Capital stock may be any amount. Par value of shares must not exceed $100 (1874, April 29, P. L. 73, secs. 3, 11, 39; 1899, May 3, P. L. 120; 1901, Feb. 9, P. L. 1; 1901, July 2, P. L. 302). Par value of shares in the case of mining companies may be $1 (1865, March 27, P. L. 34, sec. 8). If any stock is issued for property, a statement of the amount so issued must be inserted (1876, April 17, P. L. 10, sec. 4).

h. Preliminary Payment of Stock Subscriptions. — A statement that ten per cent of the capital stock has been paid in in cash to the treasurer, together with his name and residence (1874, April 29, P. L. 73, sec. 2).

Cook *v.* Marshall, 191 Pa. 315; 43 Atl. 314.

4. **Statutory Powers.** — The statute enumerates the common law powers of corporations (1874, April 29, P. L. 73, sec. 1). The following additional powers are also conferred: To consolidate with other corporations (1901, May 29, P. L. 349; 1905, March 31, P. L. 95). To purchase and hold stock in other corporations (1905, March 31, P. L. 95; 1895, June 26, P. L. 278, sec. 1; 1901, July 2, P. L. 298; 1887, June 17, P. L. 411, sec. 3). To issue preferred stock (1874, April 29, P. L. 73, secs. 16, 39; 1872, April 3, P. L. 39, sec. 1; 1873, April 28, P. L. 39, sec. 1). To vote by proxy (1874, April 29, P. L. 73, sec. 6; 1820, March 28, 7 Sm. L. 320, sec. 1; 1903, March 5, P. L. 14). To enforce a lien for corporate debts (1874, April 29, P. L. 73, sec. 39). To forfeit stock for non-payment of assessments (1895, June 26, P. L. 278, sec. 1). To cumulate votes in the election of directors and to classify directors (1876, April 25, P. L. 47, sec. 1; 1887, June 17, P. L. 411, secs. 1, 2). The power to adopt by-laws may be delegated in the charter to the board of directors (1891, May 14, P. L. 61, sec. 1. See generally on Corporate Powers, Constitution, XVI. secs. 6, 7; 1874, April 29, P. L. 73, secs. 38, 39, 43; 1887, May 24, P. L. 188, sec. 1; 1868, March 31, P. L. 50, sec. 1; 1893, May 18, P. L. 81, sec. 1; 1905, March 31, P. L. 95).

5. **Procuring the Charter.** — The certificate must be subscribed and acknowledged by at least two of the incorporators, who must swear that the statements contained in the certificate are true. This certificate must be acknowledged before a recorder of the county in which the corporation is to be located, or before any notary public of Pennsylvania. Notice of intention to apply for charter must be inserted in two newspapers of general circulation published in the proper county once a week for three weeks, stating the character and object of the proposed corporation. The notice of intention to apply for charter should give the names of at least three incorporators, designating the time when application will be made to the Governor for the charter, the Act of the Assembly under which it is made, and the purposes proposed. The proof of publication of the notice must be filed in the office of the Secretary of State upon the recording of the certificate. The certificate of incorporation should

be on file in this office during the period of publication. Re-advertisements will be required for applications received thirty days after the time designated in the notice. The certificate must have at least two subscribers, one of whom must be a citizen of the Commonwealth, and must be acknowledged and verified by at least two subscribers. The object of the corporation should be restricted to the purposes set forth definitely in the incorporation act, and so concisely stated as to be void of diversity. Special care should be taken that only the purpose is stated and not the powers which come to the corporation by grant of law, and that the certificate be confined to the statement of a single purpose. Certificates for the incorporation of manufacturing and mercantile companies should describe in a general way the character of the articles to be manufactured and sold. The certificate, together with proof of publication, must then be forwarded to the Governor, who, if he approves of it, endorses his approval thereon and directs letters patent to issue. The certificate is then recorded in the office of the Secretary of State, registered with the Auditor-General, and the original articles, with the endorsement mentioned, must then be recorded in the office of the recorder of deeds of the county where the chief operations of the company are to be carried on (1874, April 29, P. L. 73, secs. 3, 4, 26, 45; 1891, April 15, P. L. 18; 1874, May 15, P. L. 107; 1901, May 29, P. L. 207; 1903, April 23, P. L. 273).

M. B. Co. *v.* Company, 196 Pa. St. 25; 46 Atl. 99.

6. **Corporate Indebtedness.** — Loans to an amount not exceeding one-half the capital stock may be made on real estate and machinery, or on real estate alone. Corporations belonging to classes designated in the statute as 4, 5, 6, 7, 9, 11, 24, may borrow money to an amount not exceeding double the amount of capital stock paid in. Under the Laws of 1905, chap. 190, all other business corporations are given right to mortgage, borrow, and pledge without limit as to amount (Cons., Art. XVI. sec. 7; 1874, April 29, P. L. 73, secs. 38, 39; 1874, April 18, P. L. 61, sec. 1; 1874, May 15, P. L. 86, sec. 1; 1879, May 13, P. L. 57, sec. 1; 1881, June 8, P. L. 69, sec. 1; 1889, May 21, P. L. 257, sec. 1; 1901, Feb. 9, P. L. 1, sec. 1).

7. **Organization Tax.** — A bonus of one-third of one per cent upon the authorized capital stock must be paid (1878, May 22, P. L. 97, sec. 1; 1897, June 15, P. L. 155; 1899, May 3, P. L. 120; 1899, May 7, P. L. 115, sec. 1; 1901, Feb. 9, P. L. 1).

8. **Filing and Recording Fees.** — Filing fees in the office of the Secretary of State, $30; for making copy of certificate, 25 cents per typewritten page and 75 cents for certificate, and $1 for affixing great seal of State. Recording fees in local county office, 25 cents per folio; fee upon organization for filing statements, $5; cost of publishing notice of application for letters patent, usually about $9. In Philadelphia the cost of publishing notice is usually about $13.

9. **Commencing Business.** — Before the corporation can commence business ten per cent of the authorized capital stock must have been paid in in cash to the treasurer of the intended corporation. The corporation cannot commence business without first filing with the Auditor of the Commonwealth the name of the corporation, the date of the incorporation, the authority under which incorporated, place of business, post-office address and names of the president, secretary, and treasurer, the amount of capital authorized by the charter, and amount of capital paid in to the treasurer of the company (1876, April 17, P. L. 30, sec. 6; 1879, June 7, P. L. 112, sec. 1; 1889, June 1, P. L. 420, sec. 19).

Business must be commenced within two years after incorporation (1889, May 16, P. L. 241, sec. 2; 1883, June 13, P. L. 122, sec. 5; see Corporation Officers, 3 Pa. C. C. 188; Potter Gas Co., 15 Pa. C. C. 347). One-fourth of the capital stock must be paid up within two years (1883, June 13, P. L. 122, sec. 5). Work must be begun in two years and finished in five years (1889, May 16, P. L. 241; sec. 2).

10. **Organization Meeting.** — The organization meeting must be held within the Commonwealth, unless a majority of the incorporators or stockholders are citizens of another State (1891, May 14, P. L. 61, sec. 1). When a majority of the directors, corporators, or stockholders thereof are citizens of another State, the corporation may be organized without the State, if desired (1865, Nov. 27, P. L. (1866) 1228, sec. 1; 1874, April 29, P. L. 73, sec. 38; 1826, March 28, 7 Sm. L. 320, secs. 1, 2).

11. **Meetings of Stockholders and Directors.** — The annual meetings for the election of officers must be held in the State of Pennsylvania. Special stockholders' meetings and meetings of the board of directors may be held without the State, if a majority of the stockholders and a majority of the directors are respectively citizens of another State (1865, Nov. 27, P. L. (1866) 1228, sec. 1). Iron and steel corporations may hold all meetings without the State, if desired (1820, March 28, 7 Sm. L. 320, secs. 1, 2; 1874, April 29, P. L. 73, sec. 38; 1893, June 8, P. L. 351).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors, one of whom must be a resident of the State. Directors need not be stockholders (Corporate Directors, 7 Pa. C. C. 178). If the by-laws so provide, the number of directors may be changed from time to time by the directors without a vote of the stockholders and without amending the certificate of incorporation. Directors may be classified, if desired. If the certificate so provides, directors may adopt by-laws (1891, May 14, P. L. 61, sec. 1). The right of stockholders to cumulate their votes in the election of directors is a constitutional right (1874, April 29, P. L. 74, sec. 38; 1876, April 25, P. L. 47; 1877, June 17, P. L. 411, secs. 1, 2; 1887, May 31, P. L. 281, sec. 1; 1887, June 17, P. L. 411; 1901, April 19, P. L. 80, sec. 1).

Commonwealth *v.* Stevenson, 200 Pa. St. 503; 50 Atl. 91.

b. Liabilities. — Directors are liable for the declaration of illegal dividends and for the illegal withdrawal of capital stock. They are also liable to creditors and stockholders for moneys embezzled by officers (1874, April 29, P. L. 73, sec. 39; 1878, June 12, P. L. 196, sec. 1). Directors absent or objecting to any such action may exempt themselves from liability by filing objection in writing with the clerk of the company (1874, April 29, P. L. 73, sec. 39). Directors of all corporations organized under the Act of July 18, 1863 (P. L. 1102, sec. 1), are liable: First, for property used for other purposes than that stated in the charter (1863, July 18, P. L. 1102, sec. 2); second, for neglect of duties relative to filing certificates of amendments to increase and reduce capital stock (1863, July 18, P. L. 1102, secs. 21–22); third, for loans to stockholders (1863, July 18, P. L. 1102, sec. 25); fourth, for permitting the corporation to contract debts in excess of the capital stock paid in (1863, July 18, P. L. 1102, sec. 26). Probably this last provision is repealed by Laws of 1905, chap. 190. Directors are also liable for making false certificates (1863, July 18, P. L. 1102, secs. 27, 34).

Strunk *v.* Owen, 199 Pa. St. 73; 48 Atl. 888.

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions. They are also liable for debts to laborers, clerks, and operatives for services rendered within six months after demand made and neglect or refusal on the part of the corporation to make payment. This liability extends to the amount of stock held by each stockholder. They are also jointly and severally liable for all debts contracted by them for work or labor done or materials furnished for opening, improving, and preparing their lands for mining purposes. They are also liable for the illegal withdrawal of capital (Cons., XVI. sec. 7; 1854, April 21, P. L. 437, sec. 5; 1874, April 29, P. L. 73, secs. 15, 24, 38, 39; 1876, April 17, P. L. 32, sec. 3; 1863, July 18, P. L. 1102, secs. 39, 47).

Adv. Ben. Order *v.* Company, 195 Pa. St. 602; 46 Atl. 102; Bates *v.* Day, 198 Pa. St. 513; 48 Atl. 407; McNeal Pipe, etc. Co. *v.* Bullock, 174 Pa. St. 93; 34 Atl. 594.

14. **Stock Certificates.** — Each stockholder is entitled to a certificate signed by the president or vice-president and countersigned by the treasurer, and sealed with the seal of the corporation (1874, April 29, P. L. 73, sec. 7; 1895, June 24, P. L. 258).

15. **Preferred Stock.** — Preferred stock may be issued, if authorized in the certificate of incorporation, or with the consent of a majority in interest of the stockholders after incorporation. It may be divided into classes, if desired. The amount of preferred stock cannot at any time exceed one-half of the authorized capital stock. The amount of dividends thereon is limited to twelve per cent. The holders of preferred stock are not liable for debts of the corporation (1872, April 3, P. L. 37, sec. 1; 1873, April 28, P. L. 79, sec. 1; 1874, April 29, P. L. 73, secs. 16, 39; 1876, April 17, P. L. 30, sec. 4).

16. **Payment of Capital Stock.** — Stock may be issued in exchange for money, labor done, or property actually received. Stock may be issued for real and personal estate, mineral rights, patent rights, and other property necessary for the purposes of organization. The stock so issued shall be declared and taken to be full paid stock and not liable to any further calls or assessments. One-quarter of the capital stock must be paid up within two years. No note of a stockholder can be accepted in payment of stock. The president and directors, with the treasurer and clerk, must, in the case of manufacturing companies, before the payment of the last instalment of the capital stock, make a certificate stating the amount of the capital so fixed and paid in, which certificate must be signed and sworn to by the officers last mentioned, and must be recorded in the office of the recorder of deeds for the county wherein the corporation has its principal place of business. (See Cons., XVI. sec. 7; 1874, April 29, P. L. 73, sec. 39; 1876, April 17, P. L. 30, sec. 4; 1895, June 26, P. L. 369, sec. 1; 1905, March 24, P. L. 39.)

17. **Books.** — Directors of manufacturing, mechanical, mining, quarrying, and other business, provided in sec. 18 of the enumeration of the classes of business corporations, are required to keep a stock book or stock register, which must be opened for inspection during business hours to all persons (1849, April 7, P. L. 563, sec. 24; 1891, May 14, P. L. 61, sec. 1; 1893, May 26, P. L. 141, secs. 1, 2; June 8, P. L. 355, sec. 1; 1849, April 7, P. L. 563, sec. 24).

Commonwealth *v.* Phœnix Iron Co., 105 Pa. 111.

18. **Office and Agent.** — Aside from all iron and steel manufacturing companies, the principal office of all business corporations must be located in the State, and the place where the business is to be transacted must be designated

in the certificate. In the case of iron and steel companies, the latter may have an office without the State, if the by-laws so authorize, where meetings of stockholders and directors may be held (1874, April 29, P. L. 73, secs. 3, 38).

19. **Reports.** — Every corporation shall make an annual report to the Auditor-General in the month of November of the condition of the corporation. This report must state: (1) Total authorized capital stock; (2) total authorized number of shares; (3) number of shares issued; (4) par value of each share; (5) amount paid on each share; (6) amount of capital stock paid in; (7) amount of capital stock on which dividends have been declared; (8) date of each dividend during the year ending the 1st Monday in November; (9) rate per cent of each dividend; (10) amount of dividend during the year ending 1st Monday of last month; (11) gross earnings during the year; (12) net earnings during said year; (13) amount of surplus; (14) amount of profits added to sinking fund during said year; (15) highest price on sales of stock between November 1st and 15th; (16) highest price on sales of stock during the year (1901, May 8, P. L. 150). Two officers of the company are required to appraise the stock between November 1st and 15th, and one of these must verify the report (1905, April 14, P. L. 166 ; 1905, April 17, P. L. 186).

20. **Anti-Trust Statute.** — There is no anti-trust statute. (See Nester *v.* Company, 161 Pa. St. 473; 29 Atl. 102.) Combinations of telegraph, railroad, or canal companies running parallel or competing lines and discrimination in rates are prohibited (Cons., Art. XVI. sec. 12; Art. XXIII. secs. 4, 7, 8; see also Morris R. C. Co. *v.* Company, 68 Pa. St. 173).

21. **Statutory Grounds for Forfeiture of Charter.** — Charter may be forfeited for failure to organize within two years after the issuance of charter. It may also be forfeited for misuser or non-user, or by the commission of any act whereby forfeiture thereof shall by law be created. Neglect to pay the bonus tax renders the charter liable to forfeiture (1836, June 14, P. L. 621, sec. 2; 1883, June 13, P. L. 123, sec. 5; 1901, May 21, P. L. 176; 1870, April 1, P. L. 45, sec. 1; 1872, April 4, P. L. 46, sec. 1; 1883, June 13, P. L. 122, sec. 5; 1889, May 16, P. L. 241, sec. 2).

22. **Amendments.** — Charters may be amended for the purpose of improving, amending, or altering the conditions upon which they were formed and established, by securing the approval of the Governor to such proposed amendment. Notice of intention to apply for such amendment must be given by publication thereof in two newspapers of general circulation, printed in the county wherein the corporation's principal place of business is located, once a week for three weeks. This notice must set forth briefly the character and objects of the desired improvements, amendments, or alterations, and the intention to make application therefor. Thereupon the corporation shall prepare a certificate under its corporate seal, setting forth the character and objects of the proposed amendment; also setting forth that all reports required by the Auditor-General of the Commonwealth have been filed, and that all taxes due the Commonwealth of Pennsylvania have been paid. This certificate must be acknowledged by the president and secretary of the corporation before the recorder of deeds of the county wherein such corporation has its principal office or place of business, which certificate, together with proof of publication of notice, shall then be produced to the Governor of the Commonwealth for his approval. After this is obtained, the certificate shall then be recorded in the office of the Secretary of the Commonwealth, and with all these endorsements shall then be recorded in the office of the recorder of deeds in and for

the proper county wherein the principal place of business of such corporation is located (1883, June 13, P. L. 122, secs. 1–4, as amended by 1905, March 31, P. L. 93).

The capital stock or indebtedness, or both, of any corporation created by general or special law may, with the consent of all persons or bodies corporate holding the larger amount in value of its stock, be increased to such amount in the aggregate of each, without regard to the amount of the other and regardless of any limitation upon the amount of either, prescribed in any general or special law regulating any such corporation as it shall deem necessary to accomplish, carry on, and enlarge the business and purposes of such corporation. Such increase of either may be made at once or from time to time, as a majority in interest of the stockholders shall determine, as aforesaid; and upon the authorization of any such increase of indebtedness by the stockholders of such corporation in the manner herein provided for, it shall be lawful for such corporation to secure the payment of the principal or interest, or both, of all or any part of such indebtedness by mortgage or deed of trust or other pledge or conveyance by way of security of all or any part of its real and personal property, rights, privileges, and franchises, and in such manner and upon such terms as its board of directors shall determine (1899, May 3, P. L. 189, sec. 2; 1901, Feb. 9, P. L. sec. 1; 1905, April 22, P. L. 280).

As preliminary to the increase of stock, the board of directors, by a majority vote, must call a meeting of the stockholders to vote thereon. The question may be presented either at any annual meeting or a special meeting called by publishing notice of the time, place, and object thereof once a week for sixty days prior thereto, in at least one newspaper published in the locality wherein the corporation's principal place of business is located. Within thirty days after the proper consent is given to such increase, the corporation must file in the office of the Secretary of the Commonwealth one of the copies of the certificate of the president and secretary of the annual meeting, or one of the copies of the return of such election at the special meeting held for that purpose, with a copy of the resolution and notice calling the same thereto annexed. Also the president and treasurer must, within thirty days thereafter, make a return to the Secretary of the Commonwealth, under oath, of the amount of such increase actually made; and concurrently therewith the bonus tax on the increase must be paid (1901, Feb. 9, P. L. 1, secs. 1–3). The capital stock of any corporation created by general or special law may be reduced from time to time by consent of the persons or bodies corporate holding the larger amount in value of the stock of such corporation, provided that such reduction shall not be below the minimum amount of capital stock required by law for the formation of corporations formed for similar purposes (1905, April 22, P. L. 264).

To change the par value of the shares requires that such change shall be authorized by a majority of the stockholders at any annual or special meeting called for that purpose. Upon the adoption of any such amendment, the proper officers of the company must file a certificate of that fact in the office of the Secretary of the Commonwealth, under the seal of the corporation (1901, July 2, P. L. 606, sec. 2).

The board of directors may change the location of the principal office, place, and time of the annual meeting of stockholders by a two-thirds vote of the board, approved by two-thirds vote of the stockholders. Upon such action being taken, the president must file in both the office of the Secretary of State

and Auditor-General a report under seal of the corporation specifying the changes so made (1830, Feb. 6, P. L. 42, sec. 2; 1893, June 8, P. L. 355, sec. 1).

Cook *v.* Marshall, 191 Pa. St. 315; 43 Atl. Rep. 315.

To change the corporate name requires a resolution of the board of directors, adopted by a two-thirds vote thereof, approved at any annual or special meeting of the stockholders duly called by a two-thirds vote thereof. Thereupon the president of the corporation shall file in the office of the Secretary of the Commonwealth a certificate under the seal of the company, setting forth the resolution adopted by the board of directors and approved by the stockholders, the date of the adoption of such resolution by the board of directors, the date of the approval by the stockholders, the date of the original incorporation of the company, the Act of Assembly under which the said corporation was created, the name under which it was originally incorporated, and the name which the corporation desires to adopt. All corporations required to record the original certificate of incorporation in the office for the recording of deeds must likewise record, in the office for the recording of deeds where the original certificate of incorporation was recorded, the certificate granted by the Secretary of the Commonwealth authorizing the use of the new corporate name (1903, April 22, P. L. 251). The Act of March 27, 1865 (P. L. 34, sec. 6), provides that errors in incorporation may be corrected at a meeting of stockholders specially called for that purpose. Thereafter a certificate must be first submitted to the Attorney-General and certified to by him to the effect that the same is in conformity with law. Thereupon this certificate, after being duly attested by the proper officers of the corporation, must be filed with the Secretary of the Commonwealth.

23. **Extension of Corporate Existence.** — Provision is made for the extension of corporate existence of business corporations (1874, April 29, P. L. 73, secs. 4, 40; 1895, June 25, P. L. 310).

24. **Dissolution.** — Court of Common Pleas may accept surrender of powers and enter a decree dissolving corporation, with consent of a majority of the stockholders and after advertisement in two newspapers (1856, April 9, P. L. 283, sec. 1; 1872, April 4, P. L. 40, sec. 1; 1887, May 31, P. L. 278, secs. 1, 3; 1903, March 27, P. L. 79; 1907, May 23, P. L. 165).

M. B. Co. *v.* Company, 196 Pa. St. 25; 46 Atl. 99.

25. **Annual License Fee.** — Five mills upon each dollar of the actual value of its whole capital stock of all kinds, including common, special, and preferred, must be paid to the Treasurer of the Commonwealth annually within thirty days from date of settlement of the account by the Auditor-General and State Treasurer. Manufacturing companies with property exclusively in the State are generally exempt from this annual license fee (1893, June 8, P. L. 353, sec. 1; 1899, May 3, P. L. 120; Laws of 1907, June 7, P. L. 294).

26. **Foreign Corporations.** — Statement must be filed with the Secretary of the Commonwealth, showing name and object of the corporation, location of its office, and resident agent therein; must also pay State Treasurer a bonus of one-third of one per cent upon the capital actually employed or to be employed wholly within the State; must file annual report with the Auditor-General. Foreign corporations may become domestic, if they so desire, by complying with the statute in such case made and provided. The same annual tax is required as of domestic corporations, based, however, upon the amount of capital actually employed within the State (1874, April 22, P. L. 108,

secs. 1, 5; 1881, June 9, P. L. secs. 1, 3; 1887, May 23, P. L. 176, secs. 1, 2; 1893, June 8, P. L. 389, secs. 1, 2; 1893, June 16, P. L. 466, sec. 1; 1901, May 8, P. L. 121; 1903, April 15, P. L. 200; 1903, Feb. 5, P. L. 4; 1903, March 11, P. L. 23; 1903, March 26, P. L. 67; 1905, Feb. 28, P. L. 27; Laws of 1907, June 7, P. L. 294). Every foreign corporation must further, before commencing business in the State, make a report, under oath, to the Auditor-General, stating : (1) State or country in which incorporated or created; (2) date of incorporation; (3) location of chief office in the State; (4) name and address of president; (5) amount of bonded indebtedness; (6) amount of authorized capital stock; (7) amount of capital paid in; (8) amount of capital employed wholly in Pennsylvania. A similar report must be filed annually thereafter before November 30th of each year (1901, May 8, P. L. 121). A filing fee of $10.75 must accompany the application for permit to do business within the State. With some few exceptions foreign corporations have no power to hold real estate in Pennsylvania (1893, Acts 296, 338; see also as to foreign iron and steel corporations, 1893, June 8, P. L. 389; sec. 1; 1901, April 19, P. L. 86, sec. 1).

McCanna & Fraser Co. *v.* Citizens' Trust, etc. Sur. Co., 76 Fed. 420; 24 C. C. A. 11; Commonwealth *v.* Company, 98 Penn. 90; *In re* Hovey's Estate, 198 Pa. St. 385; 48 Atl. 311; P. B. L. & S. Ass'n *v.* Berlin, 201 Pa. St. 1; 50 Atl. 308; Madden *v.* Company, 199 Pa. St. 454; 49 Atl. 296.

PHILIPPINE ISLANDS.

(The references below are to Acts of the Philippine Commission, 1459, enacted March 1, 1906.)

1. **Statutes under which Business Corporations may incorporate.** — On March 1, 1906, the Philippine Commission enacted a General Business Corporation Act, to take effect on April 1, 1906. Special provision is made for railways, savings and mortgage banks, banking corporations, trust companies, insurance companies, building and loan associations, colleges, and eleemosynary corporations. Under the General Act no corporation can be authorized to conduct the business of buying and selling real estate, nor is it permitted to hold or own real estate except such as may be reasonable and necessary to enable it to carry out the purposes for which it was created. (See sec. 13, sub. 5.)

2. **Incorporators.** — Not less than five nor more than fifteen. A majority thereof must be residents of the Philippine Islands (sec. 6).

3. **Contents of the Articles of Incorporation.** — The articles of incorporation must contain:

a. Name. — Any name is permitted not already in use by another domestic corporation, or by a foreign corporation authorized to transact business in the Philippines.

b. Purpose. — The purpose for which the corporation is formed. The insertion of more than one line of business is permitted, provided the same is not covered by special act.

c. Domicile. — The place where the principal office is to be established or located, which place must be within the Philippine Islands.

d. Corporate Existence. — The term for which it is to exist, not exceeding fifty years.

e. Incorporators. — The names and residences of the incorporators.

f. Directors. — The number of directors of the corporation, not less than five nor more than eleven. The names and residences of the directors who are to serve until their successors are elected and qualify must be set forth.

g. Capital Stock. — Amount of capital stock in Philippine currency and the number of shares into which it is divided. The par value of the shares may be any amount.

h. Stock Subscriptions. — The amount of capital stock actually subscribed, the names and residences of the persons subscribing, the amounts subscribed by each, and the sum paid by each on his subscription (secs. 6, 7).

4. **Statutory Powers.** — The statutory powers enumerated in the act are in the main the usual common law powers of corporations. In addition to these the following extraordinary powers are granted: To delegate to the directors the power to adopt and amend by-laws; to remove directors; to forfeit stock for non-payment of assessments. Voting by proxy is also permitted (secs. 13, 21, 22, 34).

5. **Procuring the Charter.** — The articles of incorporation must first be drawn in accordance with the form set forth in the Corporation Act. The articles must then be signed by the incorporators, and the execution thereof be duly acknowledged before a notary public. To the articles must be annexed the affidavit of the treasurer elected by the incorporators, to the effect that he

was duly elected by the subscribers named in the articles of incorporation as treasurer of the corporation, to act as such until his successor has been duly elected and qualified in accordance with the by-laws of the corporation, and that as such treasurer he has been authorized by the subscribers to receive for the corporation all subscriptions paid in by the subscribers for the capital stock. Next, he must name the amount of money in pesos that has been actually subscribed and the amount that has been actually paid in for the benefit and to the credit of the corporation. He must further certify that at least twenty per cent of the capital stock has been subscribed and at least twenty-five per cent of subscriptions have been actually paid in to him for the benefit and to the credit of the corporation. Next, the articles must be filed in the office of the Chief of the Division of Archives, Patents, Copyrights, Trade Marks, of the Executive Bureau. At the same time there must be paid to him the organization tax provided by law.

It will be noted that before the articles can be filed the subscribers to the capital stock of the corporation as named in the articles must meet and elect a treasurer, who is required to take subscriptions to at least twenty per cent of the entire capital stock and to receive at least twenty-five per cent of the stock subscribed for. The Chief of the Division of Archives, Patents, Copyrights, and Trade Marks issues a certificate of incorporation as soon as the requirements named above have been complied with (secs. 6–11 inclusive).

6. **Corporate Indebtedness.** — There is no limit upon the amount of indebtedness which a corporation may incur.

7. **Organization Tax.** — There is an organization tax or filing fee of twenty-five pesos imposed without regard to the amount of capitalization (sec. 8).

8. **Filing and Recording Fees.** — Payment of the organization tax of twenty-five pesos includes the fees of the Chief of the Division of Archives, Patents, Copyrights, and Trade Marks for filing the articles of incorporation. The charge for issuing a certified copy of articles of incorporation is approximately five pesos (sec. 8).

9. **Commencing Business.** — The corporation must be properly organized and commence the transaction of its business or the construction of its works within two years from the date of its incorporation; otherwise, its corporate powers shall cease. Before any business may be transacted, twenty per cent of the entire capital stock must be subscribed, and at least twenty-five per cent of the subscription paid in to the treasurer of the corporation for the benefit and to the credit of the corporation. Within one month after the filing of the articles of incorporation a code of by-laws must be adopted by a majority vote of all the subscribed capital stock. The by-laws must be signed by the stockholders voting for them, and kept in the principal office of the corporation subject to the inspection of the stockholders during office hours. A copy thereof, duly certified to by a majority of the directors, countersigned by the secretary of the corporation, shall be filed with the Chief of the Division of Archives, Patents, Copyrights, and Trade Marks, who shall attach the same to the original articles of incorporation, and collect a fee of two pesos for the filing thereof (sec. 20).

10. **Organization Meeting.** — The organization meeting must be held within the Philippine Islands. The act provides that it shall be held where the principal office of the corporation is established or located, and, where practicable, in the principal office of the corporation (sec. 24).

11. **Meetings of Stockholders and Directors.** — The stockholders' meetings must be held in the Philippine Islands at the place where the principal office of the corporation is established or located, and, where practicable, in the principal office of the corporation. Directors' meetings may be held at the place fixed by the by-laws (sec. 24).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least five and not more than eleven directors, all of whom must be stockholders. At least two of the directors must be residents of the Philippine Islands. Any director who ceases to be the owner of at least one share of stock of the corporation of which he is a director shall thereby cease to be a director (secs. 6, 28).

b. Liabilities. — Directors are liable for the declaration of illegal dividends and for the distribution of the capital stock or property other than actual profits among the stockholders without having first paid the debts of the corporation (sec. 16).

13. **Removal of Directors.** — Directors of a corporation may be removed from office by a vote of two-thirds of the members entitled to vote, or, if the corporation be a stock corporation, by a vote of the stockholders holding or representing two-thirds of the subscribed capital stock entitled to vote; provided, however, that such removal shall take place either at a regular meeting of the corporation or at a special meeting called for that purpose, and in either case after previous notice to stockholders or members of the intention to propose such removal at the meeting. A special meeting of the stockholders or members of a corporation for the purpose of removal of directors, or any of them, must be called by the secretary or clerk on order of the president, or on the written demand of a majority of the members entitled to vote, or, if it be a stock corporation, on the written demand of the stockholders representing or holding at least one-half of the shares entitled to be voted. Should the secretary or clerk fail or refuse to call the special meeting demanded, or fail or refuse to give the notice, or if there is no secretary or clerk the call for the meeting may be addressed directly to the members or stockholders by any member or stockholder of the corporation signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice as prescribed in sec. 29. In case of removal on the vote of the stockholders or the members, as the case may be, the vacancy so created may be filled by election at the same meeting without further notice, or at any general meeting or at any special meeting called for the purpose, after giving notice as prescribed by sec. 29 (sec. 34).

14. **Stockholders' Liabilities.** — Stockholders are personally liable to creditors to an amount equal to their unpaid stock subscriptions (secs. 36–50).

15. **Stock Certificates.** — Stock certificates must be signed by the president or vice-president and countersigned by the secretary or clerk and sealed with the seal of the corporation. Any share of stock against which the corporation holds any unpaid claim is not transferable on the books of the corporation. No certificate of stock shall be issued to a subscriber as fully paid, until the par value thereof has been paid by him (secs. 35, 36).

16. **Preferred Stock.** — The issuance of preferred stock is not specifically authorized by the act. Provision may, however, be made for the issuance of preferred stock by reference thereto in the articles of incorporation.

17. **Payment of Capital Stock.** — No corporation can issue stock except in exchange for actual cash paid to the corporation, or for property actually

received by it at a fair valuation equal to the par value of the stock issued against it (sec. 16).

18. **Books.** — All business corporations must keep a record of all their business transacted and the minutes of all meetings of directors and stockholders. Such records and minutes are open to the inspection of any director or stockholder of the corporation at reasonable hours. A stock and transfer book must also be kept; this is likewise open to the inspection of any stockholder or director at reasonable hours (secs. 51, 52).

19. **Office.** — Every corporation must maintain a principal office within the Philippine Islands (sec. 6).

20. **Reports.** — No public reports are required to be regularly made or published. (See, however, secs. 54, 55.)

21. **Anti-Trust Statute.** — There is no local anti-trust statute exclusively applicable to the Philippine Islands in force and effect therein.

22. **Statutory Grounds for Forfeiture of Charter.** — If a corporation does not formally organize and commence the transaction of its business or the construction of its works within two years from the date of its incorporation its charter may be forfeited by proper action brought in that behalf by the Attorney-General.

23. **Amendments.** — To increase or diminish the capital stock requires a two-thirds vote of the entire capital stock subscribed cast in favor thereof at a stockholders' meeting regularly called for that purpose. Written or printed notice of the proposed increase or diminution of the capital stock, and of the time and place of the stockholders' meeting at which the proposed increase or diminution of the stock is to be considered, must be addressed to each stockholder at his place of residence as shown by the books of the corporation and registered and deposited so addressed in the post-office with postage prepaid.

A certificate in duplicate must be signed by a majority of the directors of the corporation and countersigned by the chairman and secretary of the stockholders' meeting, showing compliance with the requirements of this section, the amount of the increase or diminution of the capital stock, the amount of stock represented at the meeting, and the vote authorizing the increase or diminution of the capital stock. One of the duplicate certificates shall be kept on file in the office of the corporation and the other shall be filed in the office of the Chief of the Division of Archives, Patents, Copyrights, and Trade Marks of the Executive Bureau, and attached by him to the original articles of incorporation. From and after the filing of the duplicate certificate with the Chief of the said division the capital stock shall stand increased or reduced.

The Chief of the said Division of Archives, Patents, Copyrights, and Trade Marks shall be entitled to collect the sum of twenty pesos for filing said duplicate certificate (sec. 17).

Any corporation may amend its articles of incorporation by a majority vote of the board of directors or trustees and the vote or written assent of two-thirds of its members, if it be a non-stock corporation, or, if it be a stock corporation, by the vote or written assent of the stockholders representing at least two-thirds of the subscribed capital stock of the corporation. A copy of the articles of incorporation as amended, duly certified to be correct by the president and the secretary of the corporation and a majority of the board of directors or trustees, shall be filed in the office of the Chief of the Division of Archives, Patents, Copyrights, and Trade Marks of the Executive Bureau and attached to the original articles of incorporation, and from time of filing of such copy of the amended

articles of incorporation the corporation shall have the same powers, and it and the members or stockholders thereof shall thereafter be subject to the same liabilities, as if such amendment had been embraced in the original articles of incorporation: provided, however, that the life of said corporation shall not be extended by said amendment beyond the time fixed in the original articles; and provided, that the original articles and the amended articles together shall contain all provisions required by law to be set out in the articles of incorporation; and provided further, that nothing in this section shall be construed to authorize any corporation to increase or diminish its capital stock so as to affect any rights or actions which accrued to others between the time of the filing of the original articles of incorporation and the filing of the amended articles (sec. 18).

The number of directors may be increased to any number not exceeding eleven, or diminished to any number not less than five, by the assent of the stockholders of the corporation at a regular or special meeting of stockholders representing the holders of a majority of the stock. Thereafter a certificate setting out such increase or diminution in the number of directors of any corporation shall be duly signed and sworn to by the president, managing agent, secretary, or clerk or treasurer of such corporation and forthwith filed in the office of the Chief of the Division of Archives, Patents, Copyrights, and Trade Marks of the Executive Bureau (sec. 6).

24. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence.

25. **Dissolution.** — The corporation may be dissolved by the Court of First Instance for the province where the principal office of the corporation is situated upon the voluntary application of stockholders holding at least two-thirds of the stock issued or subscribed. Application for dissolution must be in writing, and shall set forth all claims and demands against the corporation. It must be signed by a majority of the board of directors or other officers having the management of the affairs of the corporation, and must be verified by the president, secretary or clerk, or some director of the corporation (secs. 62–67 inclusive).

26. **Annual Franchise Tax.** — There is no annual franchise tax imposed.

27. **Foreign Corporations.** — No foreign corporation or corporations formed, organized, or existing under any laws other than those of the Philippine Islands shall be permitted to transact business in the Philippine Islands until after it shall have obtained a license for that purpose from the chief of the division of archives, patents, copyrights, and trade-marks of the executive bureau upon order of the secretary of finance and justice in case of banks, savings and loan banks, trust corporations, and banking institutions of all kinds, and upon order of the Secretary of Commerce and Police in case of all other foreign corporations. No order for a license shall be issued by either of said secretaries except upon a statement under oath of the managing agent of the corporation, showing to the satisfaction of the proper secretary that the corporation is solvent and in sound financial condition, and setting forth the resources and liabilities of the corporation within sixty days of the date of presenting the statement, as follows:

(1) Name of the corporation.

(2) The purpose for which it was organized.

(3) The location of its principal or home office.

(4) The capital stock of the corporation and the amount thereof actually

subscribed and paid into the treasury on the —— day of ———— (here insert date, month, year).

(5) The net assets of the corporation over and above all debts, liabilities, obligations, and claims outstanding against it on ———————— (here insert date, month, year).

(6) The name of an agent residing in the Philippine Islands authorized by the corporation to accept service of summons and process in all legal proceedings against the corporation and of all notices affecting the corporation.

Upon filing in the division of archives, patents, copyrights and trade marks, of the executive bureau the said statement, a certified copy of its charter and the order of the secretary of finance and justice or of the secretary of commerce and police, as the case may be, for the issuance of a license, the chief of the said division shall issue to the foreign corporation as directed in the order a license to do business in the Philippine Islands, and for the issuance of said license the chief of the said division shall collect a fee of fifty pesos, provided, however, that the secretary of finance and justice or the secretary of commerce and police, as the case may be, may issue to any foreign commercial corporation transacting business in the Philippine Islands at the time of the passage of this act and continuously in the Philippine Island for more than three years prior thereto a license to do business in the Philippine Islands without requiring the statement prescribed by this section, but the license to so transact business shall be secured and the fee paid therefor by such corporation (sec. 68).

PORTO RICO.

(The references cited below are to the Civil Code of Porto Rico, Revision of 1902, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Law of Porto Rico is to be found in the Revised Statutes and Acts of 1902, Title II, of the Civil Code, secs. 32–71. Under the general law corporations may be formed for any lawful purpose, except banking, building and loan, insurance, railroad, telegraph, telephone, canal or turnpike companies.

2. **Incorporators.** — Three or more, of full legal capacity (sec. 35). There are no residential requirements.

3. **Contents of Articles of Incorporation.** — The articles must contain (sec. 36):

a. Name. — Similarity of names is forbidden (sec. 36, 1).

b. Domiciliary Office. — The location, including the town, or city, street and number if there be any, of the principal office in Porto Rico (sec. 36, 2).

c. Duration. — The period, if any, limited for the duration of the corporation. The duration may be perpetual if desired (sec. 36, 3).

d. Purposes. — The object or objects for which the corporation is formed (sec. 36, 4).

e. Capital Stock. — The amount of the total authorized capital stock, which cannot be less than $2,000. Also the number of shares into which the same is divided and the par value of each share. (The par value may be any amount). The amount of paid in capital with which the corporation may commence business, which shall not be less than $1,000 (sec. 36, 5).

f. Incorporators. — Names and post-office addresses of the incorporators and the number of shares subscribed for and the amount of subscriptions paid in by each (sec. 36, 6).

g. Provision for Regulation of Internal Affairs. — Any provision which the incorporators may choose to insert for the regulation of the business and the conduct of the affairs of the corporation, or for creating, defining, or limiting and regulating the powers of the corporation, directors, or of the stockholders (sec. 36, 7).

4. **Statutory Powers.** — The usual common law powers are enumerated. Under the act banking powers are specifically prohibited (sec. 33). Only such property may be held as may be necessary to accomplish the purposes stated in the articles of incorporation (sec. 32). Agricultural corporations are limited to holding five hundred acres of land. Corporations other than agricultural corporations may hold stock in other corporations, provided such corporations own property necessary for its business (sec. 45). Other express powers conferred are the right to permit stockholders to vote by proxy (sec. 42), to classify directors (sec. 40); to confer upon directors power to adopt by-laws (sec. 39).

5. **Procuring the Charter.** — The articles must be subscribed and acknowledged by each of the corporators. They must then be filed and recorded in the office of the secretary of Porto Rico and payment of filing fees made to that official. Thereupon there is issued to the corporation a certificate of due

incorporation (sec. 37). Corporate existence commences as soon as the articles are so filed (sec. 37).

6. **Corporate Indebtedness.** — Corporate Indebtedness must never exceed the paid up value of the capital stock or the value of the corporation's property or assets (sec. 62).

7. **Organization Tax.** — The organization tax is 15 cents on each one thousand dollars of authorized capital stock. This is further regulated by the provision that the minimum fee shall be $25 and the maximum fee $500 (sec. 63, 1, Code, sec. 59).

8. **Filing and Recording Fee.** — For recording articles, 20 cents per folio; for making certified copies thereof, 20 cents per folio; for affixing certificate and seal thereto, $1; for issuing certificate of corporate existence, $3; for filing notice of removal of place of business, or other certificates of amendment, $5; for filing certificate of continuance of corporate existence, $3 (sec. 44, Pol. Code, sec. 59).

9. **Commencing Business.** — Before beginning business an authenticated copy of the articles of incorporation must be filed with the treasurer of Porto Rico, together with a statement verified by the oath of the president, and attested by a majority of the directors, stating the name of the corporation, its domicile and the kind of business engaged in, branches elsewhere, and the commercial registry in which the articles have been recorded (Pol. Code, sec. 353). Another requirement is that business cannot be commenced until the amount of capital is paid in which is designated in the articles of incorporation as the amount with which it will commence business (sec. 36).

10. **Organization Meeting.** — Within sixty days after the filing of the articles of incorporation the first meeting of the corporation shall be called by a notice subscribed by a majority of the incorporators, designating the time, place, and purpose of the meeting. Such notice shall be served upon each of the subscribers to the said articles of incorporation either personally or by publication of the said notice on two successive weeks in a newspaper of Porto Rico, and by mailing a copy of such notice by registered mail, addressed to each subscriber at the post-office address mentioned in the articles of incorporation. This notice, however, may be waived in writing by all of the incorporators (sec. 38).

11. **Meetings of Stockholders and Directors.** — The articles of incorporation, or the by-laws of every corporation, may determine the time and manner of calling and conducting all stockholders' meetings (sec. 42). In all cases where it is not otherwise provided by law, the meetings of stockholders must be held at the principal office of the corporation in Porto Rico (sec. 42 a). Voting by proxy is provided for (secs. 42, 48). To permit of cumulative voting for directors, provision therefor must be made in the articles of incorporation (sec. 49). No share of stock can be voted upon which has been transferred on the books of the company within twenty days before the election (sec 49). Directors, if the by-laws or articles of incorporation so provide, may hold their meetings and have an office outside of Porto Rico (sec. 41).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The directors must not be less than three in number (sec. 38). They must all be stockholders (sec. 40). At least one must be a resident of Porto Rico (sec. 38). They may be classified, provided no class shall hold office for less than one year nor more than five years. At least one-fifth must be elected each year (sec. 40). If desired, the stockholders may delegate to the directors the adop-

tion of by-laws (sec. 39). Unless otherwise provided in the by-laws they may fill vacancies in the board and among officers (sec. 40).

b. Liabilities. — Directors are liable for contracting debts in excess of the paid up capital stock or the value of the corporation's assets (sec. 62). They are also liable for making any dividend except from surplus profits, or for dividing and paying capital stock in any manner except as provided by law (sec. 46). The Code provides punishment for contempt, for failure on the part of the directors to obey the order of the court directing them to bring books of the corporation into the island (sec. 41; see also Penal Code, chap. 11).

13. **Stockholders' Liabilities.** — Stockholders are liable only to the extent of the unpaid balance due on their stock subscriptions (secs. 42 b, 45). Stock may be forfeited for non-payment of assessments (sec. 42).

14. **Stock Certificates.** — Every stockholder is entitled to a certificate signed by the president and treasurer, certifying the number of shares owned by him (sec. 42). The par value may be any amount (sec. 36).

15. **Preferred Stock.** — The statute does not in express terms authorize the issuance of preferred stock.

16. **Payment of Capital Stock.** — Any corporation may purchase property necessary for its business or shares in the stock of any other corporation owning property necessary for its business, and may issue shares to the amount of the value thereof in payment of the same, and the shares so issued shall be fully paid stock and not liable to any further call. In the absence of actual fraud in the transaction, the judgment of the directors as to the value of the property purchased shall be conclusive. In all statements and reports of the corporation published or filed, its shares of stock shall be reported according to the facts (sec. 45).

17. **Books.** — The stock and transfer books of the corporation must be kept at the principal office of the corporation in Porto Rico (sec. 41). If the articles so provide, all other books may be kept outside of Porto Rico. The stock and transfer books must be open to the inspection of stockholders during business hours (sec. 47).

18. **Office and Agent.** — All domestic corporations must maintain a principal office in the island, and have an agent in charge thereof wherein shall be kept the stock and transfer books (sec. 41).

19. **Reports.** — Upon the payment of any instalment of capital stock made subsequent to the filing of articles of incorporation and of each instalment of every increase thereof, the president, secretary or treasurer, shall make a certificate stating the amount so paid, and whether paid in cash or by the purchase of property, stating also the total amount of capital stock previously paid and reported, which certificate shall be signed and sworn to by them, and the same within ten days after such payment be filed in the office of the Secretary of Porto Rico. If any of said officers shall neglect or refuse to perform the duty thus imposed upon them for thirty days, at the written request so to do by a creditor or stockholder of any corporation, they shall be jointly and severally liable for all its debts contracted before the filing of such certificate (sec. 43).

Every domestic corporation and every foreign corporation doing business in the island of Porto Rico shall file in the office of the Secretary of Porto Rico annually, and within the month of July, a report authenticated by the signature of the president and one other officer, or by any two directors of the company, stating: (1) The name of the corporation; (2) The location, town or city, street

and number, if number there be, of its principal office in the island of Porto Rico, and if a foreign corporation, the name of the agent upon whom process against the corporation may be served; (3) The object or objects of its business; (4) The amount of its authorized capital stock, the amount actually issued, and outstanding, and the amount thereof actually paid in, a statement of its existing liabilities; (5) The names and post-office addresses of all of the directors and officers of the company, and the time when the term of office of each expires; (6) The date appointed for the next annual meeting of stockholders for the election of directors; (7) Whether such corporation has kept at its principal office in the island of Porto Rico a transfer book in which transfers are made, and a stock book containing the names and addresses of all the stockholders and the number of shares held by them respectively, open at all times to the inspection of stockholders, as required by law. Any corporation failing to make such a full report shall forfeit to the island of Porto Rico $200, to be recovered with costs in an action to be prosecuted by the Attorney-General (sec. 56).

20. **Anti-Trust Statute.** — The Territory of Porto Rico has no anti-trust statute.

21. **Statutory Grounds for Forfeiture of Charter.** — The Legislative Assembly of Porto Rico has power to dissolve all corporations (sec. 34). The corporation may also be dissolved for failure to bring books into the island when ordered so to do by the court (sec. 41).

22. **Amendments.** — Every corporation organized under this code may amend its articles of incorporation by changing the corporate object or objects, changing the name, increasing or decreasing the capital stock, changing the par value and number of shares of its capital stock, changing the location of its principal office in the island of Porto Rico, extending the term of corporate existence limited in the articles of incorporation, or making such other amendments, change, or alteration as may be required, provided that said certificate of amendment, change, or alteration shall contain only such provisions as it will be lawful and proper to insert in original articles of incorporation made at the time of making such amendment, and provided also that for filing such amendment to the articles of incorporation the Secretary of Porto Rico shall charge the same fees as for filing original articles. Such amendments, changes, or alterations shall be made in the following manner. The board of directors shall pass a resolution declaring that such change or alteration is advisable and calling a meeting of the stockholders to take action thereon. The meeting shall be held upon such notice as the by-laws provide, and in the absence of such notice upon thirty days' notice given personally or by registered mail. If holders of two-thirds in amount of the capital stock issued shall vote in favor of such amendment, alteration, or change, a certificate thereof shall be signed by the president and secretary under the corporate seal, and acknowledged by a Notarial Act, and such certificate, together with the assent given in person or by proxy of stockholders representing two-thirds of the total number of shares issued, shall be filed in the office of the Secretary of Porto Rico, and upon the filing of the same the articles of incorporation shall be deemed amended accordingly (sec. 44).

23. **Extension of Corporate Existence.** — This may be effected by amendment to the articles of incorporation. (See *ante*, sec. 22.)

24. **Annual License Tax.** — There is no annual license tax.

25. **Dissolution.** — The corporation may be dissolved by joint action of

the board of directors and stockholders. A two-thirds vote of the stockholders is required to carry into effect a dissolution. When two-thirds of the stockholders shall have consented to dissolution in writing, such consent, together with the names and residences of the directors and officers, certified by the president or secretary and treasurer, shall be filed in the office of the Secretary of Porto Rico, who, on being satisfied by due proof that the requirements of law have been complied with, shall cause such certificate to be published four weeks successively in a newspaper published in Porto Rico. Upon affidavit being made that such certificate has been published, the corporation shall be dissolved, and the board of directors shall proceed to liquidate the business and affairs of such corporation. Whenever all the stockholders shall consent in writing to a dissolution in meeting, the notice thereof shall be inserted, and the Secretary of Porto Rico shall forthwith issue a certificate of dissolution on filing such consent in his office, which certificate shall be published as above provided (secs. 55, 55–60 inclusive).

26. **Foreign Corporations.** — All foreign corporations before commencing business in Porto Rico must file in the office of the Secretary of Porto Rico a duly authenticated copy of its charter or articles of incorporation (sec. 65). A statement must also be made, verified by the oath of its president and secretary and attested by a majority of its board of directors showing: (1) The name of such corporation, the location of its principal place or places of business in Porto Rico, if it have any place or places of business or principal office within Porto Rico, then the location thereof must be given; (2) The amount of its capital stock; (3) The amount of its capital stock actually paid in in money; (4) The amount of its capital stock paid in in any other way, and in what; (5) The amount of the assets of the corporation and what the assets consist of, with the actual cash value thereof; (6) The liabilities of such corporation, and if any of its indebtedness is secured, how secured, and upon what property (sec. 65). The president or acting head of the corporation and the secretary under the corporate seal must also file a certificate consenting to be sued in the courts of Porto Rico upon all causes of action arising against it therein, and further that service of process may be made in its behalf upon some person a resident of Porto Rico and whose name and place of residence shall be designated in such certificate (sec. 66). To this must be attached the written consent of the person so designated to act as such agent (sec. 67). Foreign corporations must make the same annual reports as are required of domestic corporations (sec. 69; see *ante*, sec. 19). In order to procure a license all foreign corporations must pay to the Treasurer of Porto Rico a license fee of $25, and the same fee must be paid annually on or before the 1st day of July of each year following (Political Code, sec. 353; see also sec. 68, Penal Code, sec. 498). They must also keep a stock and transfer book at the principal office in the island (sec. 52). They must also make the same tax returns as are required of domestic corporations. (See Pol. Code, secs. 316–320.)

RHODE ISLAND.

(The references cited below are to General Laws, 1896, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Rhode Island is to be found in the General Laws, chaps. 176, 177, 180. Under this act corporations may be formed for the transaction of any ordinary business, except railroad, canal, turnpike, insurance, banking and trust companies, and corporations created for dealing in bonds, notes, and other evidences of indebtedness.

2. **Incorporators.** — Three or more persons. No residential requirements (chap. 176, sec. 2).

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — Agreement to constitute an ordinary business corporation under a designated name. The latter must be one that must not be mistaken for that of a copartnership, and one not in use by an existing domestic corporation.

b. Purposes. — Business for which it is constituted. State officials construe this to authorize the insertion of any number of purposes in the articles not covered by special acts.

Domiciliary Office. — Town or city in which it is to be located.

d. Capital Stock. — Amount of capital stock, whether common or preferred, and how much of it, and the par value of shares. Capital stock may be any amount. The par value of shares may be any amount. If preferred stock is desired, the articles must set forth the advantages thereof over common stock (chap. 176, sec. 2).

e. If desired, provision may be made that the corporation shall have a lien on all shares for indebtedness of the shareholders due to the corporation. The right may also be given to the corporation in case of sale of stock by any stockholder to purchase said stock at the lowest price at which he is willing to sell before the same shall be sold by him to any other party (sec. 9). (Laws of 1906, chap. 1326).

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers, the following additional powers are conferred: The right to authorize voting by proxy; the right to issue preferred stock; the creation of a lien upon shares for assessments or indebtedness due the corporation; the right to forfeit such stock for non-payment of assessments (chap. 177, secs. 1, 3, 9). Corporations cannot hold property in excess of $100,000 in value (chap. 176, sec. 13).

5. **Procuring the Charter.** — The agreement must be signed by each of the incorporators, with their residences set forth and jointly acknowledged. The agreement must then be filed in the office of the Secretary of State, together with the certificate of the general treasurer, that the organization tax has been paid (chap. 176, secs. 3, 4). Thereupon he issues a certificate of incorporation in the form prescribed by statute (chap. 176, sec. 4). As soon as a treasurer is elected, his name and address must be filed with the Secretary of State (Laws of 1902, chap. 975). If the treasurer be a non-resident, then the corporation must appoint an agent residing within the State with authority to accept service of process in behalf of the corporation.

6. **Corporate Indebtedness.** — Corporate indebtedness in manufacturing corporations cannot be created beyond the amount of the actual capital paid in (chap. 180, sec. 15).

7. **Organization Tax.** — On capital stock less than $100,000, the tax is $100; on capitalization of $100,000 or more, the tax is one-tenth of one per cent on authorized capital stock. The tax is payable to the General Treasurer.

8. **Filing and Recording Fees.** — The payment of the organization tax includes the filing and recording fees in the office of the Secretary of State. The Secretary of State charges 10 cents per folio of 100 words for making copy of certificate of incorporation, and $1 for affixing certificate thereto. The fee for issuing certificate of incorporation is $1, for filing appointment of agent in behalf of a foreign corporation, $1.50.

9. **Commencing Business.** — Business may be commenced as soon as the articles are filed as prescribed by law. Within thirty days after organization there must be filed with the Secretary of State a certificate under oath of the treasurer, or other officer authorized to make same, setting forth the name of the corporation, date of organization, amount of capital stock actually paid in upon organization, the town in which such corporation is located, and the name and post-office address of its treasurer (chap. 177, sec. 24). Corporation must be organized within two years after incorporation (chap. 177, sec. 23).

10. **Organization Meeting.** — The organization meeting must be held within the State, in the absence of any statute providing otherwise. (See chap. 177, sec. 4).

11. **Meetings of Stockholders and Directors.** — Stockholders' meetings must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (chap. 177, sec. 3).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The number of directors is not limited; nor are there any residential requirements.

b. Liabilities. — Directors of manufacturing corporations are liable to the creditors for failure to file a certificate executed by themselves, together with the president, treasurer, and clerk of the company, within ten days after the payment of the last instalment of the capital stock fixed and limited by the charter, or by vote of the company, stating the amount of the capital so fixed and paid in. The certificate must then be recorded within the said ten days in the office of the town clerk of the town wherein the manufactory shall be established. They are also liable for illegal declaration of dividends. They are also liable to the extent of the debts created by them in excess of the amount of stock actually paid in. Directors are also liable for making false certificates, knowing them to be false. They are also liable for making loans to stockholders to the extent of such loan and interest thereon (chap. 180, secs. 2, 3, 6, 15, 16, 20, 21).

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions (Laws of 1901, chap. 839. As to liability of stockholders in manufacturing corporations, see chap. 180, sec. 1).

Wing *v.* Slater, 19 R. I. 597; 35 Atl. 302.

14. **Stock Certificates.** — Each stockholder is entitled to a stock certificate showing the number of shares held by him, signed by such officers as the by-laws may prescribe.

15. **Preferred Stock.** — The issue of preferred stock is expressly authorized by law, and provision therefor must be made in the articles of incorporation (chap. 176, secs. 2, 7).

16. **Payment of Capital Stock.** — Stock in all companies, save manufacturing, must be paid for in money or money's worth. In the case of manufacturing companies stock may be issued in exchange for property appraised by the assessors of taxes according to its fair valuation. The amount of the capital stock represented by such property shall not exceed the sum at which the same may be appraised by the certificate of such instrument, signed and sworn to by the assessors making the same, and must be recorded before the liability of the stockholders of such corporation for the debts contracted shall cease.

17. **Books.** — Books are required to be kept within the State (chap. 177, sec. 19).

18. **Office and Agent.** — All corporations must have a place of business within the State, and shall have a clerk, treasurer, or other agent, who shall reside therein (chap. 177, sec. 21). The officer whose duty it is to record stock transfers must be a resident of the State.

19. **Reports.** — There are no annual reports required.

20. **Anti-trust Statutes.** — There is no anti-trust statute in force in Rhode Island.

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited for failure to organize within two years after filing articles of agreement (chap. 177, sec. 23).

22. **Amendments.** — The law provides that the articles of incorporation may be amended in any particular except to the extent of permitting the corporation to hold, transfer, and convey real and personal estate to an amount exceeding $100,000, by the vote of the corporation and the filing in the office of the Secretary of State of a copy of such vote, duly attested by the president and secretary of the corporation (chap. 176, 7, 8, secs. 13, 14).

In the case of increase of capital stock, corporations must, within thirty days after such increase, file in the office of the Secretary of State a certificate under oath of its treasurer setting forth the name of the corporation, the date of organization, the amount of capital stock actually paid in upon organization, the amount of increase of capital stock paid in, with the date thereof, the town in which such corporation is located, and the name and post-office address of its treasurer (chap. 177, sec. 24). Articles may be amended by providing that the corporation shall have a lien on all shares for assessments or other indebtedness of the stockholders due to the corporation, enforceable in such manner as the by-laws shall provide. They may also be amended so as to give the corporation the right in case of sale of stock by any stockholder to purchase said stock at the lowest price at which he is willing to sell before the same shall be sold by him to any other party, and the time within which the corporation must exercise such right may also be prescribed by the amendment (Laws of 1906, chap. 1326).

23. **Extension of Corporate Existence.** — There is no statutory provision for the extension of corporate existence.

24. **Dissolution.** — Corporate powers cease if organization is not completed within two years, and court of common pleas may dissolve any company for non-user. May also dissolve voluntarily by resolution of stockholders representing a majority of capital stock (chap. 177, sec. 23; Laws of 1902, Act 556).

25. **Annual License Fee.** — There is no annual license fee.

26. **Foreign Corporations.** — Foreign corporations must file with the Secretary of State declaration designating principal place of business in State and name of agent to receive service of process, and must also file in same

office copy of the charter and by-laws with amendments. Must also file annual statement showing residence of corporation, amount of capital stock actually paid, names of officers and board of directors, with their residences (Stat., secs. 1466, 1467, 1469). Foreign corporations must appoint by written powers some resident of the State as their attorney with authority to accept service of process against such corporation in this State, and upon whom all process may be served. A copy of such power of attorney duly certified and authenticated shall be filed with the Secretary of State (Laws of 1902, chap. 980).

Pierce *v.* Compton, 13 R. I. 312; Stafford & Co. *v.* American Mill Co., 13 R. I. 310; Evans *v.* Pease, 21 R. I. 187; 42 Atl. 506.

SOUTH CAROLINA.

(The references cited below are to the Code of Laws, 1902, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of South Carolina is found in the Code of Laws of 1902, chaps. 47, 48. Parties may incorporate under this act for any purpose whatsoever.

2. **Incorporators.** — Two or more persons. There are no residential requirements (chap. 48, sec. 1880).

3. **Contents of the Petition for Incorporation** (chap. 48, sec. 1880). — The petition must set forth:

a. Incorporators. — Names and residences of the incorporators.

b. Name. — Name of the proposed corporation. Similarity of names not forbidden.

c. Domiciliary Office. — Principal place of business.

d. Purposes. — May be formed for any number of purposes not covered by special acts.

R. G. Co. *v.* Company, 126 Fed. 712.

e. Capital Stock. — Amount of capital stock, and how and when payable. Both capital and par value of shares may be any amount.

f. Number and Par Value of Shares (see *e, ante*).

g. Provisions for Internal Regulation of Affairs. — Any other matter may be inserted which it is deemed desirable to set forth. Duration may be unlimited, if desired (sec. 1891).

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers, the following additional powers are granted by statute: To cumulate votes in the election of directors; to have a lien upon the shares of stockholders; to issue preferred stock; to enforce payment of assessments due upon capital stock; to forfeit the stock for non-payment thereof; to vote by proxy in the election of directors; to enforce a lien upon the stock of stockholders for debts due the corporation (chap. 47, secs. 1843, 1846, 1848, 1856, 1863; chap. 48, sec. 1893; see also Laws of 1903, pp. 74, 79; Laws of 1905, chap. 418).

Ex parte Fisher, 20 S. C. 190.

5. **Procuring the Charter.** — The petition must be signed and acknowledged by each of the incorporators, and then be recorded by the Secretary of State. He then issues to the incorporators a commission constituting them a board of corporators, and authorizing them to open books of subscription to the capital stock of the proposed corporation, after such public notice, not exceeding ten days, as may be required in such commission. When not less than fifty per cent of the capital stock shall have been subscribed by *bona fide* purchasers, the board of corporators shall call the subscribers together. At this meeting the company shall organize by the election of a board of directors, not to exceed nine in number. They shall also adopt by-laws. The board of directors shall then elect from their number a president, a secretary, and a treasurer. Upon the payment to the treasurer of the corporation of at least twenty per cent of the aggregate amount of the capital subscribed, payable in

money, and also upon securing the delivery to such officer of at least twenty per cent of the property subscribed to the aggregate amount of the capital stock, the board of corporators, or a majority of them, shall certify to the Secretary of State that all the requirements of law have been complied with. This certificate is known as the "return of the corporators." Upon the filing of the return and the receipt of the charter fee, and upon payment of all filing fees, the Secretary of State issues to the board of corporators a certificate known as a charter. Thereupon a copy of the charter must be recorded in the office of the register of conveyances or clerk of each county wherein the corporation shall have a business office. In cases where, by the terms of the declaration, the capital stock of the corporation is to be paid in instalments, the treasurer may issue stock when fifty per cent of the first instalment of the capital stock has been paid in and the provisions of the act have in other respects been complied with. Collateral inquiry into validity of corporate existence is forbidden (chap. 48, secs. 1880, 1885).

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of corporate indebtedness.

7. **Organization Tax.** — On capital stock not exceeding $100,000, one mill on each dollar, but never less than $5 on any authorized capital; over $100,000 and not exceeding $1,000,000, one-half mill on each dollar in addition to the $100 tax on the first $100,000; exceeding $1,000,000, one-fourth of a mill on each one dollar exceeding $1,000,000 (chap. 48, secs. 1888, 1889; Laws of 1904, chap. 245; Laws of 1905, chap. 437).

P. M. Co. *v.* Gautt, 68 S. C. 199; 46 S. E. 1005.

8. **Filing and Recording Fees.** — To the Secretary of State for recording declaration, $2.50; for recording return, $2.50; for each certificate under seal of State, $1.07; for certified copy of the charter, $1.07 for attaching certificate and 10 cents per folio of one hundred words for making copy. For recording amendments, $5; for filing papers of foreign corporations necessary to secure permit to do business within the State, $5; for recording articles in local county office, $2.

9. **Commencing Business.** — (See also *ante*, "Procuring Charter.") The corporation must organize and commence business within two years from the date of its incorporation or the date of the commission appointing the board of corporators (chap. 47, sec. 1850).

10. **Organization Meeting.** — The organization meeting must be held within the State, in the absence of any statute providing otherwise (see chap. 47, sec. 1846).

11. **Meetings of Stockholders and Directors.** — At least one meeting of the stockholders shall be held annually within the State. Directors' meetings may be held at such place as the by-laws may provide (chap. 47, sec. 1846).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There may be any number of directors not exceeding nine. There are no residential requirements (chap. 48, sec. 1883). A most unique and unusal enactment in connection with directors of banking, insurance, shipbuilding, and trust companies is to be found in the Session Laws of 1906, Act 40. We refer here to the division of "boards" into "active" and "advisory" directors.

b. Liabilities. — Directors are liable for making false representations as to resources and for misrepresentations in certificates (chap. 48, sec. 1843).

13. **Stockholders' Liabilities.** — Stockholders are liable to creditors only to the extent of their unpaid stock subscriptions (Cons., Art. IX. sec. 18).

Under chap. 418 of the Laws of 1905 the liability of the stockholders is expressly limited to the amount remaining due to the corporation on the stock owned by them.

M. C. Mills *v.* Springs, 56 S. C. 534; 35 S. E. 222; Lauraglen Mills *v.* Ruff, 57 S. C. 53; 35 S. E. 387; Williams *v.* Benet, 34 S. C. 112; 13 S. E. 97.

14. **Stock Certificates.** — Each stockholder is entitled to a certificate under the seal of the corporation signed by the secretary or treasurer (chap. 47, sec. 1847, as amended by Laws of 1905, chap. 436).

15. **Preferred Stock.** — There is express provision for the issuance of preferred stock (chap. 47, sec. 1856).

16. **Payment of Capital Stock.** — Stock can be issued only for labor done or money or property actually received (chap. 47, sec. 1855; chap. 48, sec. 1882). Unless the charter provides that stock may be paid in instalments, it cannot be issued until fully paid (chap. 48, sec. 1894). No subscriptions in labor or property can be received unless the same and value thereof is approved by the board of corporators (chap. 48, sec. 1882).

17. **Books.** — Books are required to be kept open to inspection of stockholders, and it may be inferred from the statute that they must be kept in the State (chap. 48, sec. 1897).

18. **Office and Agent.** — There are no express requirements as to having a principal office or place for the transaction of business within the State, but by construction it is necessary to maintain a domiciliary office. (See Cromwell *v.* Ins. Co., 2 Rich. Law, 512.)

19. **Reports.** — All corporations, both domestic and foreign, shall annually during the month of February of each year file with the Comptroller-General a statement containing: (1) The name of the company; (2) location of principal office; (3) name and post-office addresses of the president, secretary, treasurer, superintendent, and general manager, and the members of the board of directors; (4) date of annual election of officers; (5) amount of authorized capital stock and par value of each share; (6) amount of capital stock subscribed, issued, and outstanding, and the amount of capital stock paid up; (7) the nature of the business and location thereof (Laws of 1905, chap. 407).

20. **Anti-Trust Statute.** — There is an anti-trust statute in force in South Carolina. (See C. C., 1902, secs. 2845, 2847.)

21. **Statutory Grounds for Forfeiture of Charter.** — Charter may be forfeited for non-user for five years, or for non-payment of taxes, or for non-payment of annual franchise tax, or for violation of anti-trust statute (chap. 48, sec. 1898; chap. 47, sec. 1865; see also C. C., 1902, secs. 308, 2845, 2847). It may also be forfeited for failure to organize and commence business within two years from incorporation (chap. 47, sec. 1850).

22. **Amendments.** — Any corporation may increase or decrease its capital stock in the manner following: Whenever by resolution of the board of directors an increase of the capital stock of the corporation is determined upon, a meeting of the stockholders shall be called to consider such resolution, by notice published at least once a week for four successive weeks previous to the date fixed in such notice for same in some newspaper published in the county where the corporation has its principal place of business, which notice shall state the time and place of the meeting, the purpose for which it is called, and the maximum amount to which it is proposed the capital stock shall be increased. The vote of two-thirds of the stock of the corporation shall be necessary to make an increase, which increase may be so made to any amount not exceed-

ing the maximum amount stated in such notice of the meeting of stockholders. The board of directors shall certify the resolution of the stockholders to the Secretary of State, and that all the requirements of this section as to said increase of capital stock have been complied with. In case the corporation increasing its capital stock is incorporated under the general law, the board of directors shall likewise return to the Secretary of State the original charter or certificate of incorporation for the endorsements herein mentioned. The Secretary of State shall thereupon record the said certificate of the board of directors, and shall likewise endorse upon the charter or certificate of incorporation a certificate of the increase of the capital stock, and shall forthwith return the charter or certificate of incorporation with such endorsement thereon to the board of directors, and in cases where the law under which such corporation is created or organized requires the charter or certificate of incorporation to be recorded in the office of the register of mesne conveyances and clerk of court, a certificate of such increase of the capital stock endorsed by the Secretary of State. On the charter or certificate of incorporation as hereinbefore required shall be recorded across the face of the record of the charter or certificate of incorporation, in the office of the register of mesne conveyances or clerk of court where the charter or certificate of incorporation is required to be recorded, such increase of the capital stock of such corporation as shall be authorized when the certificate is lodged for record in said office.

In cases where the capital stock is increased as by this section provided, the stockholder or stockholders thereof registered in the books of such corporation at the time when said increase of stock was authorized shall have the preference of taking such increase of stock in proportion to the amount of stock he, she, or they may own; but if such stockholder or stockholders shall not avail himself, herself, or themselves of such privilege within ten days after the lodgment for record of such certificate to increase their capital stock, the board of directors may dispose of the said increased capital stock as they may deem best at its market value in money or property (Laws of 1904, chap. 248).

23. **Extension of Corporate Existence.** — Provision is made for extension of corporate existence. (See chap. 47, sec. 1874; chap. 48, sec. 1891.)

24. **Dissolution.** — Corporate powers cease if organization is not completed and business commenced within two years, and Court of Common Pleas may dissolve any company for non-user; may also dissolve voluntarily by resolution of stockholders representing a majority of capital stock (chap. 47, secs. 1866, 1873; Laws of 1902, Act No. 566; see Code of Civil Procedure, 1902, sec. 265; Laws of 1904, chap. 269; Laws of 1906, Act 1).

25. **Annual License Fee.** — Under the franchise tax of 1903, which did not go into effect until April 1, 1904, all business corporations except those of a quasi-public nature must pay to the State Treasurer on or before April 1 of each year an annual license fee of one-half mill upon every dollar paid in upon the capital stock, and not less than $5 in any case (Laws of 1904, chap. 269; Laws of 1905, chap. 407).

26. **Foreign Corporations.** — Foreign corporations must file with the Secretary of State a declaration designating principal place of business in the State and the name of agent to receive service of process, and must also file in same office a copy of the charter and by-laws with amendments. Must also file annual statement showing residence of corporation, amount of capital stock actually paid, names of officers and board of directors, with their residences, etc.

They are required to pay a fee of one-half mill on each dollar of property owned by them within the State (C. C., 1902, secs. 1779, 1795, 2360; Laws of 1904, chaps. 247, 269; Laws of 1905, chap. 407). The fee for filing necessary papers in the Secretary of State's office for securing permit to transact business within the State is $5.00.

Central R. R., etc. Co. *v.* Company, 32 S. C. 319; 11 S. E. 192; Cone, etc. Co. *v.* Poole, 41 S. C. 70; 19 S. E. 203; Hollingsworth *v.* Sou. R. R. Co., 86 Fed. 353; State *v.* Company (S. C.), 51 S. E. 455.

SOUTH DAKOTA.

(The references cited below are to the Revised Civil Code of 1903 and to the Compiled Laws of 1887, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of South Dakota is to be found in Revised Civil Code of 1903, secs. 396–479 (Compiled Laws of 1887, secs. 2889–2971). Those relating to mining, manufacturing, and other industrial corporations are secs. 780–797, Revised Civil Code, 1903 (Compiled Laws, 1887, secs. 3108–3125; Laws of 1907, chap. 104). The provisions relating to amendment of charters are found in chap. 106, Session Laws of 1903. As to the extension of corporate existence see chap. 105, Session Laws of 1903. Many and effective amendments to the General Act are to be found in Laws of 1907, chap. 104. Under this act corporations may be formed for any lawful purpose. Special acts are, however, provided for incorporation of railway, street railway, wagon road, irrigation, insurance, loan, trust, mortgage companies, and for banks of discount. Laws of 1905, chap. 74, as amended by Laws of 1907, chap. 109, provides for organization of trust companies.

2. **Incorporators.** — Three or more, one-third of whom must be residents of the State (R. C. C., sec. 407; C. L., sec. 2900; Laws of 1907, chap. 104).

Singer Mfg. Co. *v.* Peck, 9 S. D. 29; 67 N. W. 947.

3. **Contents of the Certificate of Incorporation.** — The certificate must set forth:

a. Name. — The Secretary of State will not permit the use of another name already in use by a domestic corporation.

b. Purposes. — The purpose for which it is formed. The Secretary of State allows the insertion of any number of purposes not covered by special acts.

Vokes *v.* Eaton (Ky.), 85 S. W. 174.

c. Domicile. — Place where the principal business of the corporation is to be transacted. All corporations having any business offices out of the State must have their main office for the transaction of business within the State, and this must also be designated in the articles of incorporation (Laws of 1907, chap. 104). Any corporation may provide in its articles of incorporation for having one or more business offices without the State, at any place to be named in the articles of incorporation (R. C. C. 786, as amended by Laws of 1907, chap. 104). If desired, the name of the resident agent may be inserted in the articles of incorporation (Laws of 1907, chap. 104).

d. Duration. — Not to exceed twenty-five years (Laws of 1907, chap. 104).

e. Directors. — Number and names and residences of those who are to serve until the election of their successors, and qualifications must also be set forth.

f. Capital Stock. — Amount and number of shares into which the same is divided. There is no limit to the amount of capital stock. The par value of shares may be any amount (R. C. C., sec. 408; C. L., sec. 2902). If preferred stock is to be issued, it shall be provided for in the articles of incorporation (Laws of 1907, chap. 104).

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers the act provides for voting by proxy at elections of directors; for cumulative voting; for forfeiture of shares for non-payment of subscriptions; for having a business office without the State but within the United States, and for holding therein any meeting of the stockholders or directors; for removal of directors; for extension of corporate existence; for purchase of the corporation's own stock; for issuing stock in exchange for property or services (R. C. C., sec. 427; C. L., sec. 2199; R. C. C., sec. 429; C. L., sec. 2921; Cons., Art. XVII. sec. 5; R. C. C., secs. 453–649 inclusive; R. C. C., sec. 786; C. L., sec. 3114; R. C. C., sec. 438; C. L., sec. 2930; R. C. C., sec. 439; C. L., sec. 2931; Laws of 1903, chap. 105; R. C. C., sec. 425; C. L., sec. 2917; R. C. C., sec. 422; C. L., 2914; R. C. C., sec. 464; C. L., sec. 2956; Cons., Art. XVII. sec. 8). To issue preferred stock (Laws of 1907, chap. 104). The board of directors are given power to appoint an executive committee (Laws of 1907, chap. 104). Cumulative voting in the election of directors is provided for by constitutional provision. (See Cons., Art. VII. sec. 5.)

Summers *v.* Company, 86 N. W. 749; Magowan *v.* Greneweg (S. D.), 91 N. W. 335; 86 N. W. 626.

5. **Procuring the Charter.** — The certificate must be signed and acknowledged by the incorporators before the same can be filed and charter issued. Two of the incorporators must take oath that the corporation is not formed for the purpose of enabling it to avoid the purposes of the South Dakota Anti-Trust Act, and upon the filing and recording of the certificate in his office the Secretary of State issues a certificate of due incorporation (R. C. C., secs. 410, 411; C. L., secs. 2904, 2905; Revised Penal Code, sec. 781).

Mason *v.* Stevens *et al.* (S. D.), 92 N. W. 424; B. & L. Ass'n *v.* Chamberlain, 4 S. D. 271; 56 N. W. 897; Thomas *v.* Wilcox (S. D.), 110 N. W. 1072.

6. **Corporate Indebtedness.** — Debts cannot be contracted beyond the amount of stock subscribed (R. C. C., sec. 436; C. L., sec. 2928).

7. **Organization Tax.** — Where the authorized capital stock is $25,000 or less, $10; over $25,000 and not exceeding $100,000, $15; over $100,000 and not exceeding $500,000, $20; over $500,000 and not exceeding $1,000,000, $30; over $1,000,000 and not exceeding $1,500,000, $40; over $1,500,000 and not exceeding $2,000,000, $50; over $2,000,000 and not exceeding $2,500,000, $60; over $2,500,000 and not exceeding $3,000,000, $70; over $3,000,000 and not exceeding $3,500,000, $80; over $3,500,000 and not exceeding $4,000,000, $90; over $4,000,000 and not exceeding $4,500,000, $100; over $4,500,000 and not exceeding $5,000,000, $110; over $5,000,000, $150 (Laws of 1907, chap. 149).

8. **Filing and Recording Fees.** — The payment of the organization tax covers all filing and recording fees in the office of the Secretary of State. For making certified copy of articles of incorporation the charge is 25 cents per folio of one hundred words for copying, and $1 for certificate. No charge is made for issuing a certificate of incorporation. For examining and filing amended articles of incorporation, $10, where the same does not provide for the increase of stock; in the latter case an organization tax must be paid on the increased capital stock as authorized; for making transcript of articles of incorporation, 25 cents per folio; for official certificate, $1; for examining and filing articles of incorporation of foreign corporations and issuing authority to do business, $10; for examining and filing annual statement, $5; for making and filing and recording appointment of resident agent of foreign corporation, $10.

9. **Commencing Business.** — Where a resident agent is not named in the certificate of incorporation, all domestic corporations not doing business within the State must, before commencing business, appoint a resident agent residing at the domiciliary office of the corporation. One of the officers of the corporation may be appointed as such agent, if desired (Laws of 1907, chap. 104). After the issuance of the certificate of incorporation, the incorporation act directs (without providing any penalty therefor) that the directors must proceed in the manner specified in the by-laws, or if none is specified, then in such manner as they may adopt, to secure subscriptions to the full amount of the fixed capital (R. C. C., sec. 421; C. L. sec. 2913). Unless the corporation organizes and commences the transaction of business or the construction of its works within one year from the date of its incorporation, its corporate powers cease. Every corporation shall, within one month after filing articles of incorporation, adopt a code of by-laws for its government, but no penalty or forfeiture is declared in case of non-compliance with this provision, and it is regarded as directory only (R. C. C., sec. 411; C. L., sec. 2905). No collateral inquiry into corporate existence is permitted (R. C., sec. 399; C. L., sec. 2892).

10. **Organization Meeting.** — The organization meeting may be held at the principal office of the corporation without the State if provision is made therefor in the articles, otherwise it must be held within the State (R. C. C., sec. 786; C. L., sec. 3114; R. C. C., sec. 440; C. L., sec. 2932). The act provides that when all the stockholders of a corporation are present at any meeting, however called or notified, and sign a written consent thereto on the records of such meeting, the doings of such meeting are as valid as if had at a meeting legally called and noticed (R. C. C., sec. 442; C. L., sec. 2934).

11. **Meetings of Stockholders and Directors.** — Incorporators', stockholders', and directors' meetings must be held at the office or principal place of business of the company. All meetings of stockholders and directors of mining, manufacturing, and other industrial corporations may be held at the outside office named in the articles of incorporation; and this may be provided for in the articles; and the articles may be amended to change the location of the outside office. The mode of calling meetings is as provided in the by-laws. The domiciliary office is kept at the place in the State named in the articles as the principal place of business. The original books and records may be kept at the outside business office, if there be one (R. C. C., sec. 786; C. L., sec. 3114; see also R. C. C., sec. 440; C. L., sec. 2932). Under the 1907 Amendment offices may be named without the State, in any other State, or in any foreign country, wherein may be held all stockholders' and directors' meetings, if desired (Laws of 1907, chap. 104).

Wright *v.* Lee, 4 S. D. 237; 55 N. W. 931; *In re* Argus Printing Co., 1 N. D. 434; 48 N. W. 347; Troy Min. Co. *v.* White, 10 S. D. 475; 74 N. W. 236.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The act provides that one of the directors or officers of the corporation shall be a resident of the State. Directors are elected annually by a majority vote of the stockholders. The board must be composed of at least three and not more than eleven directors. The president of the corporation must be a member of the board. The directors must be stockholders to an amount to be fixed by the by-laws. Immediately after their election the directors must organize by the election of a president, secretary, and treasurer. An executive committee composed of two or more members of the board may be appointed by resolution of the board of directors. Such committee may be provided for in the

by-laws of the corporation, and such committee shall have the same powers as the board of directors (R. C. C., sec. 434; C. L., sec. 2926; Laws of 1907, chap. 104).

Magowan *v.* Greneweg (S. D.), 86 N. W. 626; 91 N. W. 335.

b. Liabilities. — Directors are liable for the illegal declaration of dividends, or for the unlawful withdrawal of capital, or for any violation of law applying to corporations whereby the latter become insolvent. Directors assenting to such violation are jointly and severally liable for all debts contracted after such violation (R. C. C., sec. 436; C. L., sec. 2928; R. C. C., sec. 787; C. L., sec. 3115). Any officer wilfully making false reports, certificates, or entries is liable in damages to any person injured thereby (R. C. C., sec. 437; C. L., sec. 2929). Any superintendent, director, secretary, manager, agent, or other officer of any corporation formed or existing under the laws of South Dakota or transacting business in the said State, and any person pretending or holding himself out as such superintendent, director, secretary, manager, agent, or other officer who shall wilfully subscribe, sign, endorse, verify, or otherwise assent to the publication, either generally or privately to the stockholders or other persons dealing with such corporation or its stock, knowing the same to be untrue, or wilfully and fraudulently issues exaggerated report, prospectus, account, statement of operations, values, business, profits, expenditures, or prospecti, or other paper or document intended to produce or give, or having a tendency to produce or give, to the shares of stock in such corporation a greater value or less apparent or market value than they really possess, or with the intention of defrauding any particular person or persons, or the public or persons generally, shall be deemed guilty of a felony, and on conviction thereof shall be punished by imprisonment in State prison or a county jail not exceeding two years or by a fine not exceeding $5,000, or both (sec. 1, chap. 108; Sess. Laws, 1907).

13. **Stockholders' Liabilities.** — Stockholders are liable to the amount of their unpaid stock subscriptions (R. C. C., sec. 431; C. L., sec. 2933). They are also liable for labor claims (R. C. C., sec. 783; C. L., sec. 3111. As to constitutionality of this statute, see cases cited below).

S. B. T. M. Co. *v.* Company, 4 S. D. 173; 56 N. W. 98; Busby *v.* Riley *et al.*, 6 S. D. 401; 61 N. W. 164; Singer Mfg. Co. *v.* Peck, 9 S. D. 29; 67 N. W. 947; R. O. T. Co. *v.* Wellman, 10 S. D. 122; 72 N. W. 89.

14. **Stock Certificates.** — Each stockholder is entitled to a certificate signed by the president and secretary (R. C. C., sec. 423; C. L., sec. 2915; Laws of 1907, chap. 104). The by-laws may provide for issuing certificates of stock prior to full payment, if desired (Laws of 1907, chap. 104).

15. **Preferred Stock.** — Preferred stock may be issued in such amounts as may be provided for in the articles of incorporation or in the by-laws (Laws of 1907, chap. 104).

16. **Payment of Capital Stock.** — Stock may be issued in exchange for money, labor done, or money or property actually received (Cons., Art. XVII. sec. 8). When property is taken by the corporation in consideration for capital stock of the corporation, the judgment of the board of directors, made in good faith and entered in the minutes of the corporation, shall be conclusive as to the value of such property (Laws of 1907, chap. 104). The act provides that the directors named in the articles of incorporation must proceed to open books of subscription to the capital stock unsubscribed and to secure sub-

scriptions to the full amount of the fixed capital (R. C. C., sec. 421; C. L., sec. 2913).

Hennessy *v.* Griggs *et al.*, 1 N. D. 52; 44 N. W. 1010; C. H. S. Co. *v.* Ferguson *et al.*, 8 S. D. 534; 67 N. W. 615.

17. **Books.** — Every corporation must keep a journal of meetings of directors and stockholders. They must also keep a stock and transfer book, which with the journal is open to inspection of stockholders, directors, and creditors of the corporation, containing a record of all stock, the names of stockholders alphabetically arranged, instalments paid or unpaid, transfers, etc. Also a book of by-laws, to be open to inspection during office hours. The law does not provide, however, that any of these books shall be kept within the State, and provisions in the articles of incorporation for keeping them at the outside office are regularly allowed by the Secretary of State (R. C. C., sec. 423; C. L., sec. 2915; R. C. C., sec. 428; C. L., sec. 2920; R. C. C., sec. 445; C. L., sec. 2937; R. C. C., sec. 782; C. L., sec. 3110).

18. **Office and Agent.** — Every corporation of the State which is not doing or carrying on business within the State shall appoint a resident agent who shall reside at the place of business or domiciliary office of such corporation in the State designated in the articles of incorporation, and such resident agent may be one of the officers of the corporation, and service of legal process upon such agent shall constitute legal and valid service upon such corporation. Such appointment of resident agent shall be made in writing signed by the president or secretary of the corporation and duly acknowledged, and shall be filed in the office of the Secretary of State. If desired, such resident agent may be appointed in the articles of incorporation (Laws of 1907, chap. 104).

19. **Reports.** — The statute provides that business corporations doing business within the State shall annually, within twenty days from the 1st day of January, make a report which must be published in some newspaper at or nearest to the place where the business of the corporation is carried on, which report must state the capital stock and the amount thereof actually paid in, the amount and nature of indebtedness, and the amount due the corporation, the number and amount of dividends and when paid, and the net amount of profits. Such report must be signed by the president and a majority of directors, and be verified by oath of the president or secretary, and filed in the office of register of deeds of county where the business of the corporation is carried on. The only penalty provided for failure to comply with the statute is that a person who wilfully neglects or refuses to make, sign, or publish such report shall be guilty of misdemeanor (R. C. C., sec. 784; C. L., sec. 3112). Upon written request of twenty per cent of the issued capital stock the treasurer is required to furnish a written statement of the affairs of the corporation (R. C. C., sec. 785; C. L., sec. 3113).

20. **Anti-Trust Statute.** — There is a somewhat drastic anti-trust statute in force in South Dakota (Revised Penal Code, 1903, secs. 770–781 inclusive).

21. **Statutory Grounds for Forfeiture of Charter.** — Unless the corporation is organized and commences business within one year after incorporation, the corporate powers cease. Charters may also be forfeited by the State on any of the following grounds: For violating any of the laws creating, altering, or renewing corporations; by violating any express provisions of the law whereby the corporation shall have forfeited its charter by abuse of its powers; by failure to exercise its powers; whenever it shall have done or omitted to do any act which amounts to a surrender of its corporate rights; for exercising

franchises or privileges not conferred upon it by law (R. C. C., sec. 447; C. L., sec. 2939; R. C. C., sec. 571; C. L., sec. 5346).

22. **Amendments.** — Articles may be amended so as to modify or enlarge corporate business or purposes, change number of directors, change name or location of its business within the State or without the State, increase or decrease the capital stock, or in any other respect, by vote of two-thirds of all outstanding stock at any regular or special meeting called for that purpose after thirty days' notice (sixty days for increase of stock) given to each stockholder, stating nature of proposed amendment. After notice of proposed amendment is served upon stockholders, time may be waived by all of them, and amendment can be adopted immediately. Capital stock cannot be diminished to an amount less than indebtedness of corporation or estimated cost of works which it may be the purpose of the corporation to construct. After amendment is adopted, the president and secretary of the corporation shall prepare in duplicate a certificate setting forth amendment, stating number of votes cast therefor, and total number of shares of stock subscribed and outstanding, and that legal notice was given. One of these certificates must be filed with the Secretary of State, and the other with the secretary of the corporation. The signature of president and secretary to such certificate must be acknowledged before some officer authorized to take acknowledgments, who knows the parties signing the same to be the president and secretary of the corporation, and when such certificate is filed with the Secretary of State he shall issue a certificate of amendment, setting forth in what particular the original articles of incorporation have been amended (Laws of 1903, chap. 106, secs. 1–7 inclusive. As to increase of stock see Cons., Art. XVII. sec. 8).

23. **Extension of Corporate Existence.** — Under Laws of 1903, chap. 105, as amended by Laws of 1907, chap. 106, sec. 1, special provision is made for the extension of corporate existence for a period not to exceed twenty-five years. To effect the extension such application must be signed by stockholders owning three-fourths of the capital stock, and opposite the signature of each stockholder shall be stated the number of shares of stock owned by each. The application must be made in the same manner as articles of incorporation. Before presenting this application to the Secretary of State, the corporation must file with him a statement verified by oath of the president and secretary of the corporation, setting forth: (1) The assets and liabilities of the corporation; (2) the nature of its business; (3) the number of shares of stock issued and outstanding; (4) the number of shares of stock subscribed and not issued; (5) the names and post-office addresses of each stockholder and the number of shares owned by each; (6) the names and post-office addresses of the directors.

24. **Dissolution.** — Voluntary dissolution is effected by application to the Circuit Court of the county where the corporation's principal place of business is situated, upon verified petition of a majority of the board of directors, the proceedings being simple and brief. The application must set forth that at a meeting of the stockholders called for that purpose the dissolution of the corporation was resolved upon by a vote of not less than two-thirds of the outstanding stock, and that all claims and demands against the corporation have been satisfied and discharged (C. C., sec. 446, sub. 2 of sub. 3 as amended by Laws of 1907, chap. 105). Involuntary dissolution is effected under Code of Civil Procedure by action in the name of the State on leave of the Circuit Court or judge (R. C. C., sec. 446; C. L., sec. 2938).

25. **Annual License Fee.** — There is no annual license fee.

26. **Foreign Corporations.** — Before any corporation can transact business within the State, or acquire, hold, and dispose of property within the State, or sue in the courts therein, it must file and record in the office of the Secretary of State a duly authenticated copy of its charter or articles of incorporation, and shall also appoint an agent within the State upon whom process may be had. A duly authenticated copy of the appointment of such agent or officer must be filed and recorded in the office of the Secretary of State and register of deeds of the county where said agent resides (R. C. C., sec. 883, 884; C. L., secs. 3190, 3191). The State constitution provides that no foreign corporation shall do business in the State without having one or more known places of business and an authorized agent or agents in the same upon whom process may be served (Cons., Art. XVII. sec. 6). The fee for filing articles and issuance of certificates of authority to do business is $10. For recording certificates of appointment of agent and issuing certificates of appointment, $10.

Wright *v.* Lee *et al.*, 4 S. D. 237; 55 N. W. 931; Acme Mer. Agency *v.* Rochford, 10 S. D. 203; 72 N. W. 466; Foster *v.* Company, 5 S. D. 27; 58 N. W. 9; Peck Mfg. Co. *v.* Groves, 6 S. D. 504; 62 N. W. 109; F. & J. Co. *v.* Foster, 4 Dak. 329; Nat. Bank *v.* Corkings, 9 S. D. 614; 70 N. W. 1059.

TENNESSEE.

(The references cited below are to the Code of 1884, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Tennessee is based upon the Act of March 19, 1875 (Session Laws of 1875, chap. 142). The law is peculiar in that it specifically prescribes for what purposes companies may be incorporated, and sets forth the form of charter for each. The above "Charter Act" has been amended from time to time, until now it is possible to incorporate in Tennessee under said act for all ordinary business purposes (Laws of 1903, chap. 474; Laws of 1905, chap. 174).

2. **Incorporators.** — Not less than five, except for brewery corporations, where only three incorporators are required. There are no residential requirements (sec. 1692; Laws of 1903, chap. 474).

3. **Contents of the Certificate of Incorporation.** — The forms for drawing charters are set out at length in the statutes, and vary according to the purposes sought to be obtained by incorporation. Speaking generally, all the forms set forth: First, name of the corporation, which the Secretary of State requires shall be different from that of any existing corporation. Second, the purposes must be set forth, and the incorporators are limited strictly to purposes included in one class. Third, the amount of capital stock, with the amount and par value thereof. If preferred stock is to be issued, provision should be made therefor as provided by law. The charter must state whether it is to be redeemed at not less than par, and if so the time and price thereof (Laws of 1905, chap. 174). The amount of capital stock is unlimited, except in the case of brewery companies, which latter must be capitalized for not less than $5,000 and not more than $500,000. Fourth, an enumeration of the general powers of the corporation, which are in substance merely an enumeration of common law powers. The statutory form also contains a large number of provisions for the regulation of the internal affairs of the corporation. In this connection provision should be made relative to by-laws, powers, and proceedings of the board of directors, keeping of corporate books, the assessments of stock, provisions for amendments and dissolution, etc. The statute also provides that the first board of directors shall consist of the incorporators named in the charter of incorporation (secs. 1692, 1852; Laws of 1897, chap. 32; Laws of 1899, chaps. 17, 224, 300, 304; Laws of 1903, chap. 474). Duration may be unlimited, if desired.

4. **Statutory Powers.** — The statute enumerates the common law powers of corporations, and in addition thereto grants the following powers: For the purpose of repairs, rebuilding, or to meet contingencies, or for the purpose of a sinking fund, corporations may establish a fund of which they may loan, and in relation to which they may take proper securities. Mining companies are authorized to subscribe for stock in a railway corporation whose line of road is contiguous to their works. Manufacturing corporations are given power to locate, on their own lands, elevators, hoisting, warehouses, transfer trucks, etc. They are also given power to purchase, use, or dispose of patent rights. All corporations are given power to vote by proxy and to consolidate with other

corporations engaged in the same general business; also to sell in its entirety all the assets of the corporation to any corporation engaged in the same general line of business. (See references cited at end of sec. 3; also secs. 1704, 1709–1711 a, 1853, 1860–1862, 1864, 1866–1868, 1872; Act of March 28, 1887; Laws of 1903, chap. 486). Also to issue preferred stock (Laws of 1905, chap. 174); to vote by proxy (Laws of 1907, chap. 104); to dispose of the corporate assets as an entirety (Laws of 1907, chap. 437).

5. **Procuring the Charter.** — Incorporators must subscribe and acknowledge the execution of the charter, which is in fact a petition for incorporation. The charter must be acknowledged or any one or more signatures proved by a witness before the clerk of the county court (Laws of 1903, chap. 474). This instrument when so acknowledged must be registered in the county where the principal office of the company is situated, and also in the office of the Secretary of State. The latter officer issues a certificate of registration, which in turn must be registered in the register's office of the county where the principal business office of the company is situated. If agencies are established in other counties, the incorporation papers must be registered there (sec. 2027). Thereupon the formation of the corporation is completed (secs. 1692, 1694). Collateral inquiry into the legality of corporate existence is forbidden (secs. 1693, 1712; Laws of 1903, chap. 474).

Shields *v.* Clifton Co., 94 Tenn. 123; 28 S. W. 668.

6. **Corporate Indebtedness.** — Corporations are limited in the creation of debts to the amount of the authorized capital stock (sec. 1858; Laws of 1903, chap. 474).

7. **Organization Tax.** — For business corporations a tax of one-tenth of one per cent on the authorized capital stock is exacted. There is also a registration tax of $10 (Act of June 17, 1895; Laws of 1897, chap. 32; Laws of 1899, chap. 432).

8. **Filing and Recording Fees.** — In addition to the payment of the organization tax, the Secretary of State is entitled to a fee of $10 for registering the company. In lieu of issuing a certificate of incorporation, the Secretary of State attaches his certificate of registration to the papers recorded in his office and returns them to the incorporators. For issuing certified copy of the articles of incorporation his fee is $10. The fee for recording in the local county register's office averages $3.

9. **Commencing Business.** — Business may be commenced as soon as the charter is registered as required by law and the organization completed. If the corporation establishes agencies in any other county, the charter must be recorded there (sec. 1694).

10. **Organization Meeting.** — The organization meeting must be held within the State, in the absence of any statute providing otherwise. The incorporators act as the first board of directors (Laws of 1903, chap. 474).

11. **Meetings of Stockholders and Directors.** — Annual stockholders' meetings must be held within the State. Directors' meetings may be held without the State if the by-laws so provide (secs. 1706, 1863).

Synnott *v.* Association, 117 Fed. 379; 54 C. C. A. 553.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be, except in the case of brewery companies, where there may be three, at least five directors. There are no residential requirements (secs. 1702, 1706; Laws of 1903, chap. 474).

b. Liabilities. — Directors are liable for illegal declaration of dividends, or for authorizing the creation of any indebtedness in excess of the capital stock paid in. Directors are liable for loans to stockholders in mining corporations, quarrying, boring, or manufacturing companies; they are also liable for intentional fraud in failing to comply substantially with the articles of incorporation, or in deceiving the public or individuals in relation to their liabilities (secs. 1716, 1717, 1856–1858, 1859; Laws of 1897, chap. 49; Laws of 1903, chap. 474).

Allison *v.* Coal Co., 87 Tenn. 60; 9 S. W. 226.

13. **Stockholders' Liabilities.** — Stockholders are liable for the amount of their unpaid stock subscriptions. They are also jointly and severally liable for moneys due or owing to the laborers, servants, clerks, or operators of the company in case the corporation becomes insolvent (secs. 1708, 1858; Laws of 1903, chap. 474).

14. **Stock Certificates.** — The par value of stock certificates may be $100 or less (sec. 2052). Each shareholder is entitled to a certificate showing the number of shares held by him, signed by such officers as the by-laws may prescribe.

15. **Preferred Stock.** — Capital stock may be divided into common and preferred stock, provided it shall be stated in the charter of incorporation together with the respective amounts of each, and provided the preferred stock does not exceed two-thirds of the total authorized capital stock, and provided further that the capital stock shall be issued only for cash. It must be stated in the charter of incorporation whether the preferred stock is subject to redemption at not less than par, and, if so, the time and price of such redemption. Preferred stockholders are entitled to receive a fixed yearly dividend not exceeding ten per cent, payable annually or semi-annually, before any dividend can be paid on the common stock, and such dividend may be made cumulative. No preferred stock can be issued except by authority given to the board of directors by a vote of at least two-thirds of the common stock at a meeting duly called for that purpose, nor shall preferred stockholders have any voting powers except such as may be given by a two-thirds vote of the common stockholders. If there are more than two classes of stock, each share must have written or printed thereon the words "common stock" and "preferred stock."

16. **Payment of Capital Stock.** — In the case of mining, quarrying, boring, and manufacturing companies nothing but cash or land at a fair cash valuation can be accepted in payment of capital stock. Manufacturing companies are, however, authorized to receive an assignment of a patent in payment of stock subscribed to the amount of the value of such patent. The act specifically provides that the amount of any unpaid stock due from the subscriber to the corporation shall be a fund for the payment of any debts due from the corporation; the transfer of stock by any subscriber does not relieve him from payment unless his transferee has paid up all or any of the balance due on said original subscription (secs. 1708, 1856, 1872; Laws of 1903, chap. 474). Construction companies are authorized to receive stock and bonds in payment for their capital stock (Laws of 1905, chap. 479).

Searight *v.* Payne, 6 Lea, 283; Kelley *v.* Fletcher, 94 Tenn. 1; 28 S. W. 1099.

17. **Books.** — The act requires the keeping of books showing the list of stockholders, with their respective interests, the amount paid on shares sub-

scribed, and all stock transfers by and to whom made (sec. 1707; Laws of 1903, chap. 474).

18. **Office and Agent.** — There are no express statutory provisions requiring the maintenance of an office and agent within the State. By implication, however, the company must maintain a domiciliary office within the State. (See sec. 1693.)

19. **Reports.** — By acts adopted previous to 1903 semi-annual statements are required of banks and trust companies, and annual statements of building and loan companies, mining, quarrying, boring, and manufacturing companies. Annual statements are required of all corporations securing their charters under the Act of 1903 (Laws of 1903, chap. 474). The report must be published in a newspaper printed in the county where the principal office or business is located, showing the amount of capital stock, existing liabilities, and list of names of stockholders. Without expressly repealing chap. 474 of the Laws of 1903, the Tennessee Legislature in 1907 (Laws of 1907, chap. 684) passed an act requiring each domestic corporation to prepare and file annually on or before the 1st day of July in the office of the Secretary of State a written statement signed by its president or vice-president, and attested by its corporate seal and sworn to by either its secretary or president, containing the following information, to wit: The name and style of the corporation and its principal office or place of business in the State of Tennessee, if it be a domestic corporation; if it be a foreign corporation, its principal office or place of business in the State of its creation and also in Tennessee; the amount of its capital stock authorized by its charter and the amount of capital stock issued and outstanding; the names of its principal officers, to wit, its president, vice-president or vice-presidents, secretary, and treasurer, and a complete list of its board of directors; and, finally, the nature and character of the business in which it is engaged.

20. **Anti-Trust Statute.** — There is an anti-trust statute in force in Tennessee. (See Act of March 10, 1890; Act of March 30, 1891; Act of April 30, 1897; Laws of 1905, chap. 479; Laws of 1907, chap. 36).

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited where the corporation has by neglect, non-user, abuse, or surrender forfeited its corporate rights. Any act of the board of directors as a board constituting an express violation of the statute is declared to be a forfeiture of the charter (secs. 1718, 4162; see also sec. 2484; Code of 1896, sec. 6625).

22. **Amendments.** — Any corporation may change its name, increase its capital stock, or obtain any powers granted by law, by the board of directors preparing a certificate and making application to the Secretary of State in these words:

"We, the undersigned, comprising the Board of Directors of —— Corporation, apply to the State of Tennessee by virtue of the General Laws of the country for amendment to said charter of incorporation for the purpose of investing said corporation with the power (here state the clause in the general law aforesaid which is desired as an amendment, or if it be simply to change the name, so state the fact).

"Witness our hands this ——day of ——" (to be signed by the directors).

This instrument must be acknowledged, and a certificate of alteration, given by the Secretary of State under the great seal of the State, shall complete the amendment to such corporation. The amendment must be registered in all respects the same as the original charter (Code of Tennessee, 1896, secs. 2028, 2029; Laws of 1907, chap. 304).

23. **Extension of Corporate Existence.** — Perpetual existence is open to incorporators, if they desire it. There is no provision for the extension of corporate existence.

24. **Dissolution.** — The corporation may be dissolved on application to the courts. Directors are by statute made trustees for that purpose, unless other persons are appointed by the court (secs. 1719–1723; Act of March 28, 1887. As to sale of entire corporate assets and provision for the protection of minority stockholders in case of said sale, see Laws of 1907, chap. 437).

25. **Annual License Tax.** — On or before the 1st day of July in each year all domestic business corporations must pay to the Secretary of State the following annual license taxes: Where the authorized capital stock is $25,000 or less, $5; where it is more than $25,000 and not more than $50,000, $10; where it is more than $50,000 and less than $100,000, $20; where it is more than $100,000 and less than $250,000, $30; where it is over $250,000 and less than $500,000, $50; over $500,000 and less than $1,000,000, $100; over $1,000,000, $150 (Laws of 1907, chap. 434).

26. **Foreign Corporations.** — Foreign corporations must file with the Secretary of State a copy of charter, and have abstract thereof recorded in the register's office of each county in which they propose to do business or own land. Tax on the capital stock is as follows: $100,000 and less, $50; up to $250,000, $100; to $500,000, $150; to $1,000,000, $200; over $1,000,000, $250. Foreign corporations must pay the same annual license tax as is required of domestic corporations. (See *ante*, sec. 25.) For filing charter of foreign corporation the Secretary of State is entitled to a fee of $20; for each abstract thereof, $20 (secs. 2546, 2553; Laws of 1895, chap. 21; sec. 119, Laws of 1899, chap. 2; Laws of 1899, chaps. 14–31; Laws of 1903, chap. 239).

State *v.* Schlitz Brewing Co., 104 Tenn. 715; 59 S. W. 1033; L. P. Co. *v.* City of Nashville (Tenn.), 84 S. W. 810; N. & S. Co. *v.* Lloyd (Tenn.), 76 S. W. 911; State *v.* Company, (Tenn.), 86 S. W. 390.

TEXAS.

(The references cited below are to be the Revised Statutes, 1895, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Texas is to be found in the Revised Statutes of 1895, secs. 640–670 inclusive, secs. 680–686, secs. 744–749 c, and the amendments of 1897, 1899, 1900, 1901, 1903, 1905, and 1907. Special Acts are provided for railroad and insurance corporations. Under the General Act corporations are divided into some seventy-one different classes, covering almost all lines of business (sec. 642; Laws of 1907, chaps. 9, 23, 150, 151).

Hamilton *v.* Company, 15 Texas App. 338; 39 S. W. 641.

2. **Incorporators.** — Three or more persons. Two must be citizens of Texas (secs. 641, 644).

Hamilton *v.* Company, 15 Texas App. 338; 39 S. W. 641.

3. **Contents of the Articles of Incorporation.** — The articles must set forth:

a. Name. — No corporation can be incorporated under a name already in use by a domestic corporation.

b. Purposes. — Corporations are limited in their purposes to those named in some one of the seventy-one classes specifically named in the classification of purposes for which a corporation may be incorporated, except that in certain enumerated cases where the corporation act expressly permits incorporation for more than one purpose. The cases here referred to are as follows: Provided corporations may be formed for two or more of the purposes following, namely, the construction of bridges and the maintenance of mills and gins; the manufacture and supply to the public of ice, gas, light, heat, water, and electric motor for power or use in connection with such mills and gins or either; the harvesting of grain or the harvesting and threshing of grain; provided that the authorized capital stock of all such corporations shall not exceed $250,000. Corporations may also be created for two or more of the following purposes, namely, the supply of water to the public, the manufacture and supply of ice, electric light and motor power, or either of them, to the public, and the manufacture, supply, and sale of carbonated water and the operation of cottonseed-oil mills, provided that all private corporations including one or more of the purposes mentioned in this article in their charter shall each pay a franchise tax as provided by law on each of the purposes included in their respective charters, and provided further that the authorized capital stock of corporations authorized by this article shall not exceed $200,000, and the provisions of the act shall not apply to cities of over ten thousand inhabitants (650 a and 650 b; see also Laws of 1905, chaps. 24, 53).

c. Domiciliary Office. — Place or places where the business is to be transacted.

d. Duration. — Term for which it is to exist not to exceed fifty years. Where no period is limited the duration is twenty years (Laws of 1907, chap. 158).

e. Directors. — Number and names and residences of the board for the first year (Laws of 1907, chap. 158).

f. Capital Stock. — Amount thereof and number of shares into which it is divided (sec. 643). Both capital stock and par value thereof may be any amount (sec. 633; see also Laws of 1907, chap. 166).

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers of corporations, the following additional powers are granted: To vote by proxy, to forfeit stock for non-payment of assessments, to issue preferred stock, and to authorize directors to adopt by-laws (secs. 651–653, 668, 669; Laws of 1907, chap. 158). Corporations may be formed to own and hold stock in manufacturing companies (secs. 642 s. d. 49; see also Laws of 1903, chap. 94); also to transact business in other States and countries (sec. 642, Laws of 1901, chap. 43).

5. **Procuring the Charter.** — The articles must be subscribed and acknowledged by each of the incorporators, before application can be made to the Secretary of State for the issuance of a charter. Stock must be subscribed in good faith to the full amount of the authorized capital stock, and fifty per cent thereof must be paid in before said corporation can be chartered. At the time that the articles of incorporation are presented to the Secretary of State for filing and recording in his office, they must be accompanied by evidence satisfactory to the Secretary of State that the full amount of the authorized capital stock has in good faith been subscribed and fifty per cent thereof paid in cash or its equivalent in property. When this evidence has been presented and payment has been made of all recording and filing fees, of the organization tax and of the portion of the annual franchise tax due for the remaining portion of the State fiscal year, then the Secretary of State is authorized to receive, file, and record the articles in his office and to give a certificate showing the record thereof. As to what constitutes satisfactory evidence relative to the payment of fifty per cent of the authorized capital stock, the statute provides as follows: Satisfactory evidence shall consist of the affidavit of those executing the charter, stating therein (1) The name, residence, and post-office address of each subscriber to the capital stock of such company; (2) the amount subscribed by each and the amount paid by each; (3) the cash value of any property received, giving the description, location, and from whom and the price at which it was received; (4) the amount, character, and value of labor done, from whom and price at which it was received; provided, that if the Secretary of State is not satisfied he may, at the expense of the incorporators require other and more satisfactory evidence before he shall be required to receive, file, and record said charter; and provided further, that the corporations created under sections 21, 29, 37, 54, and 61 of the Article 642, Revised Statutes of this State, are exempt from the provisions of this section; provided further, that the provisions of this act shall not apply to corporations formed for the construction, purchase, and maintenance of mills and gins having a capital stock of not exceeding $15,000, nor to mutual building and loan associations, nor to water works, ice plants, electric-light plants, and cotton warehouses in cities of less than ten thousand inhabitants (Laws of 1907, chap. 166).

6. **Corporate Indebtedness.** — Corporate indebtedness cannot be created in excess of the amount of the authorized capital stock (sec. 653).

7. **Organization Tax.** — For ordinary business corporations (exclusive of public service and eleemosynary corporations) the organization tax is $25, provided that if the authorized capital stock of such corporation shall exceed $10,000 it shall be required to pay an additional fee of $10 for each additional $10,000 of its authorized capital stock or fractional part thereof after

the first (sec. 2439). Before filing its articles of incorporation the corporation must pay not only the organization tax, but also pay the fractional part of its annual franchise tax, corresponding to the length of time before the next following 1st day of May (Laws of 1907, Special Session, chaps. 22, 23).

8. **Filing and Recording Fees.** — The payment of the organization tax includes the filing and recording fees. The charge for certified copy of the articles of incorporation is 15 cents for each one hundred words and $1 for certificate issued by the Secretary of State.

9. **Commencing Business.** — Whenever a private domestic corporation is chartered in this State, and whenever a foreign corporation is authorized to do business in this State, such corporation shall be required to pay in advance to the Secretary of State, as its franchise tax from that time down to and including the 30th day of April next following, only such proportionate part of its annual franchise tax as the period of time between the date of filing of its articles of incorporation or the issuance of its permit to do business, as the case may be, and the 1st day of May next following bears to a calendar year. (See *post*, sec. 25; also Laws of 1907, chap. 23, Special Session.) Business may be commenced as soon as the Secretary of State has issued a certificate showing payment of all fees and taxes and the filing and recording of the articles of incorporation in his office. By reference to sec. 4 (*ante*, sec. 4), it will be seen that the articles cannot be received for record until the entire amount of the capital stock has been subscribed for in good faith and fifty per cent thereof paid in. The balance of the authorized capital stock must be paid in within two years from the date of the filing of the articles in the office of the Secretary of State. Proof of this fact must be furnished the Secretary of State in the same manner as is required with reference to the payment of the first fifty per cent of the authorized capital stock at the time the articles are filed (Laws of 1907, Special Session, chap. 166). Business must be commenced within three years of the filing of the charter, or the latter will be thereby forfeited and the corporation dissolved (Laws of 1907, Special Session, chap. 166).

10. **Organization Meeting.** — The organization meeting must be held within the State. The statute makes no provision for the organization of the corporation.

11. **Meetings of Stockholders and Directors.** — Meetings of stockholders must be held within the State at such time and place as the by-laws of the corporation may require. Directors' meetings may be held without the State if the by-laws so provide.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three and not more than thirteen directors. There are no residential requirements (sec. 651, sub. 8). By-laws may be adopted by the directors subject to the control of the stockholders (sec. 657; Laws of 1907, chap. 158).

b. Liabilities. — Directors are liable for knowingly declaring illegal dividends. The extent of their liability is, however, limited to the amount of such dividends (sec. 670). Directors are also liable for violation of the Anti-Trust Acts. (See Laws of 1907, chaps. 12, 97, 120, 173; chap. 10, Special Session.) Directors are also liable for diversion of corporate assets and for intentional violation of law, unless within one year of such violation they have caused to be entered upon the records of the board of directors within the State of Texas an order repudiating the wrong and permanently dismissing from their service

all persons directly or indirectly connected with such violation (Laws of 1907, chap. 166).

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions (sec. 686).

M. B. C. Co. *v.* Company, 89 Texas, 511; 39 S. W. 1047; Cole *v.* Adams, 92 Texas, 171; 46 S. W. 790.

14. **Stock Certificates.** — Stockholders are entitled to certificates showing the number of shares owned by them, signed by such officers as the by-laws may prescribe.

15. **Preferred Stock.** — The right to issue preferred stock is only given in express terms to corporations organized for the purpose of storing, transporting, buying, and selling oil, gas, salt, brine, and other mineral solutions.

16. **Payment of Capital Stock.** — Stock can be issued only for money paid, labor done, or property actually worth at least the sum for which it was taken by the company (Laws of 1907, chap. 166; Cons., Art. XII. sec. 6).

17. **Books.** — A stock register, transfer book, and record of business transactions must be kept (statute does not provide where to be kept), and the books and records must be open to inspection of stockholders at all reasonable times. By inference from reading sec. 5 of chap. 166 of Laws of 1907 it appears to be necessary that the corporation minute book should be kept within the State. The secretary must furnish to any creditor or his attorney, in an action to enforce stockholders' liability, a list of stockholders, with residences and amounts of holdings (sec. 672; see also Cons., Art. X. sec. 3). The Attorney-General or any of his assistants or representatives, when authorized in writing by the Attorney-General, shall have the power and authority to make diligent investigation into the organization, conduct, and management of any corporation authorized to do business within this State, and shall have the power to examine or inspect all or any of the books, accounts, records, minutes, letters, memoranda, documents, checks, vouchers, telegrams, constitution, and by-laws of such corporation, and take copies of any or all of such records or documents herein set forth as in his judgment may show or tend to show that said corporation has been or is engaged in acts or conduct in violation of any law of this State; provided that the Attorney-General or his assistant or assistants, or representative or representatives, shall not make public or use such copies, or any information derived in the course of said examination of said records or documents as herein above set forth, except in the course of some judicial proceedings of which the State is a party, or in a suit by the State to cancel the permit or forfeit the charter of such corporation, or to collect penalties for a violation of the law of this State, or for the information of any of the officers of this State charged with the enforcement of its laws (Laws of 1907, chap. 21).

18. **Office and Agent.** — An office must be kept in the State, and an agent therein upon whom process may be served (secs. 673, 1222, 1223; Cons., Art. X.).

Beattie *v.* Hardy, 93 Texas, 131.

19. **Reports.** — The directors shall, when required by one-third of the stockholders, make report showing amount of company's business, etc. Annual reports are required (see sec. 25, *post*).

20. **Anti-Trust Statute.** — Texas has enacted a bountiful collection of the most drastic anti-trust statutes to be found anywhere within the country. (See Laws of 1907, chaps. 12, 97, 120, 173, and chap. 10 of the Special Session.)

21. **Statutory Grounds for Forfeiture of Charter.** — Charters may be forfeited for violation of the Anti-Trust Act, or for acts of misuser or non-user, or for failing to organize and commence business within three years from date of incorporation (see Laws of 1903, chap. 92); also for failure to pay annual franchise taxes (Laws of 1905, chap. 19). Charters may be forfeited by failure to pay up the full amount of authorized capital stock within two years (Laws of 1907, chap. 166); also for express violations of law whereby it is provided charter should be forfeited without judicial ascertainment (Laws of 1907, chap. 166); and may also be forfeited for contributing corporate funds for political purposes and for further employing the assets in other than the legitimate objects of the corporation's creation (Laws of 1907, chap. 166).

22. **Amendments.** — Charters may be amended in any respect desired, except to so change the original purpose as to prevent the execution thereof, or to decrease the capital stock (secs. 647, 649, 651, 652). The act provides that the articles may be amended by filing copies of such amendments with the Secretary of State in the manner required in the case of original charters (sec. 647). The act unquestionably contemplates action by the stockholders at a meeting convened for that purpose in order to make the amendment effective. It also undoubtedly contemplates the making of a certificate by the president or other officer of the corporation, showing the manner in which the amendment was adopted. The act also provides that the number of directors may be increased or diminished to any number not less than three nor more than thirteen by a vote of the stockholders cast as the by-laws may provide.

To increase the capital stock to any amount not exceeding at any one time double the amount of its authorized capital requires the vote of the stockholders cast in conformity with the by-laws, and if a majority of the stockholders shall vote for the increase of such stock the same may be increased by the board of directors. Upon such increase of stock being made in accordance with the by-laws, the date and amount shall be certified to the Secretary of State by the directors, and from the time such certificate is filed the increase of stock shall become a part of the capital thereof. Such certificate shall be filed and recorded in the same manner as the original charter (sec. 652). The following provision relative to the increase or decrease of capital stock is to be found in chap. 166 of the Laws of 1907, to wit: A corporation may increase its authorized capital by a two-thirds vote of all its stock; and when such vote is given in favor of the increase the same may be done by the board of directors, trustees, or managing board of such corporation; and upon such increase of stock being made in accordance with the above provisions and certified to the Secretary of State by the directors, together with satisfactory proof, which shall be the affidavit of the directors, showing that the full amount of the increase has been in good faith subscribed and fifty per cent thereof paid, and in other respects conforming to the proof required as on an original application for charter; or showing that such portion thereof has been subscribed, or subscribed and paid in, as is required for the corporation, thus increasing its stock; and if the Secretary of State is satisfied that the increase of stock has been made in accordance with law, and that the requirements of the law have been complied with as to the subscription and payment of stock and other respects as on an original application for charter, he shall file such certificate of increase, and thereupon the same shall become a part of the capital stock of such corporation; and in case of failure by the stockholders to pay the unpaid portion of the increase within two years from the date of filing of such certificate of increase in the

office of the Secretary of State, the charter of such company shall be forfeited and the provisions of sec. 2 of this act shall govern same as in case of an original creation of a corporation; provided, that a corporation may decrease its capital stock by such amount as its stockholders may decide by a two-thirds vote of all its outstanding stock, in like manner as is required for an increase as above provided, but no such decrease shall prejudice the rights of any creditor of such corporation in any claim or cause of action as such creditor may have against the company, or the stockholder or director thereof; nor shall such decrease become effective until full proof is made by the affidavit of the directors to the Secretary of State of the financial condition of such corporation, giving therein all its assets and liabilities, with names and post-office addresses of all creditors and amount due each, and the Secretary of State may require as a condition precedent to the filing of such certificate of decrease that the debts of such corporation be paid or reduced.

23. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence.

24. **Dissolution.** — The corporation may be dissolved by expiration of the charter, or by judgment of dissolution by a court of competent jurisdiction; also through failure to commence business within three years from the date of charter (secs. 680–681). Under the Laws of 1907, chap. 166, the following provision is made for the dissolution of the corporation, to wit: Where four-fifths in interest of all the stock outstanding shall vote in favor of a dissolution at a stockholders' meeting called for that purpose on notice signed by a majority of the directors, stating time, place, and object of the meeting, served personally, or by mail at least thirty days next before the meeting. If at said meeting four-fifths in interest of all the stockholders of said company shall signify their consent in writing to the dissolution of the corporation, such consent in writing, together with a list of the directors and officers of the company, giving post-office address and place of residence of each, certified by the president and the secretary and treasurer as true and correct action of the stockholders, shall be filed with the Secretary of State; or when, without a stockholders' meeting, all the stockholders of the corporation consent in writing to a dissolution, the same shall be certified to as above and filed with the Secretary of State. When any such certificate as above mentioned is filed with the Secretary of State, he shall issue a certificate that such consent has been filed and that the corporation is dissolved, and said officer shall so note on the ledger in his office.

25. **Annual Franchise Tax.** — All domestic corporations are required on or before the 1st day of May of each year to pay in advance to the Secretary of State a franchise tax for the year following, which shall be computed as follows, to wit: 50 cents on each $1,000, or a fractional part thereof of the authorized capital stock of such corporation, unless the total amount of capital stock of such corporation issued and outstanding, plus its surplus and undivided profits, shall exceed its authorized capital stock, and in that event the franchise tax of such corporation for the year following shall be 50 cents on each $1,000 of capital stock of such corporations issued and outstanding, plus its surplus and undivided profits; provided, that such franchise tax shall not in any case be less than $10; provided, that where the authorized capital exceeds $1,000,000, such franchise tax shall be 50 cents for each $1,000 up to and including $1,000,000, and for each additional $1,000 in excess of $1,000,000 it shall be 25 cents. The franchise tax herein provided for shall be computed

upon the basis of the total amount of the capital stock issued and outstanding, plus the surplus and undivided profits of the corporations, instead of upon the authorized capital stock, whenever such total amount is different from the authorized capital stock. Affidavit of the head of the corporation and secretary thereof to these facts may be filed with the Secretary of State, or may be required whenever in his judgment the same is necessary to protect the interests of the State. Any corporation, either domestic or foreign, which shall fail to pay the tax provided for in this article at the time specified herein shall immediately become liable to a penalty of twenty-five per cent on the amount of the tax due by it, and if the amount of said tax and penalty be not paid in full on or before the 1st day of July thereafter such corporation shall for such default forfeit its right to do business in the State, which forfeiture shall be consummated without judicial ascertainment by the Secretary of State entering upon the margin of the ledger kept in his office relating to such corporation the word "Forfeited," giving the date of such forfeiture; and any corporation whose right to do business may be thus forfeited shall be denied the right to sue or defend in any of the courts of this State, and in any suit against such corporation on a cause of action arising before such forfeiture no affirmative relief may be granted to such corporation unless its right to do business is revived as provided in Article 5243 j. And each and every director of any corporation whose right to do business within the State shall be so forfeited shall as to any and all debts of such corporation which may be created or incurred, with his knowledge, approval, and consent within the State, after such forfeiture by any such directors or officers, and before the revival of the right of such corporation to do business, be deemed and held liable thereon in the same manner and to the same extent as if such directors and officers of such corporation were partners (Laws of 1907, Special Session, chap. 23). Nothing in this act shall affect the amount of the franchise tax to be paid by any corporation for the period of time ending with April 30, 1907, excepting only such domestic corporations as may be chartered after this act shall take effect and such foreign corporations as may, after this act shall take effect, apply to the Secretary of State for a permit to do business within the State. For the purpose of determining the amount of the first franchise tax payment required by this act of any domestic corporation which may be hereafter chartered, or of any foreign corporation which may hereafter apply for a permit to do business within the State, and also for determining the correctness of any report which is provided in this act, the Secretary of State may, whenever he may deem it necessary or proper to protect the interests of the State, require any one or more of the officers of such corporations to make and file in the office of the Secretary of State an affidavit or affidavits in writing which shall be subscribed by such officers, and by him sworn to before some officer who is by law duly authorized to administer oaths, and verified by his seal of office, setting forth fully the facts concerning the amount of the surplus and undivided profits respectively, if any, of such domestic or foreign corporation; and until the Secretary of State shall be fully satisfied as to the amount of such surplus and undivided profits, respectively, if any, he shall not file the articles of incorporation of such proposed domestic corporation, or issue such permit or accept such franchise tax. For the purpose of ascertaining and determining the amount of any annual franchise tax prescribed by this act, the president, vice-president, general manager, secretary, treasurer, and superintendent of each and every domestic or foreign corporation embraced within the provisions of

this act shall annually, and between the 1st and 10th days of March, and also whenever called upon by the Secretary of State in writing and under oath to do so, report to the Secretary of State, as required by sec. 4 of this act, the total amounts of the capital stock issued and outstanding, and the surplus and undivided profits respectively, if any, of such corporation, on the 1st day of March next preceding, and the Secretary of State may ascertain such facts from other sources, and if the true aggregate of such amounts shall exceed the authorized capital stock of such corporation as disclosed by its then current original or amended articles of incorporation, the amount of its annual franchise tax for the year beginning the 1st day of May next thereafter shall be collected and paid; otherwise, its annual franchise tax shall be calculated and paid upon the amount of its authorized capital stock as shown by its aforesaid original or amended articles of incorporation. The making and filing by any one of such officers of such corporation of the record required by this section shall relieve the other officers of the corporation from the duty of making any report required by this section, except such report or reports as may be required by the Secretary of State. In the event of increase in the authorized capital stock of any domestic or foreign corporation, it shall also pay in advance a supplemental franchise tax thereon for the remainder of the year down to and including the 30th day of April next thereafter, the amount of which shall be determined as is provided in sec. 3 of this act in case of the first franchise tax payment to be made under this act by a domestic corporation which may be hereafter authorized to do business within the State.

Every person required by this act to make any annual report to the Secretary of the State who shall for a longer period than five days, and every person who shall for more than ten days after the mailing by the Secretary of State demand upon him any other report which the Secretary of State is by this act authorized to require, fail or refuse to make such report, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not less than $50 and not more than $200, and each day of such failure or refusal after the expiration of said five days or ten days, as the case may be, shall constitute a separate offence.

26. **Foreign Corporations.** — Foreign corporations must file with the Secretary of State a certified copy of their articles of incorporation, a permit to do business within the State being issued by said official upon payment of the original license fee hereinafter set forth, and in addition to this the proportionate part of the annual license tax for the remaining portion of the State's fiscal year must be paid. The permit issued by the Secretary of State runs for only ten years (sec. 748). The corporation seeking to procure the permit must furnish satisfactory proof that either $10,000 in cash or fifty per cent of the authorized capital stock has been subscribed and at least fifty per cent paid in before permit will issue (sec. 642, sub. 56; Laws of 1901, chap. 15). If the authorized capital stock be $10,000 or less, the fee for permit shall be $50; if the authorized capital stock be in excess of $10,000, fee for permit is $50 for the first $10,000 and $10 for the additional $10,000 and fractional part thereof (Laws of 1907, Special Session, chap. 22). Each and every foreign corporation authorized or that may hereafter be authorized to do business in this State shall, on or before the 1st of May of each year, pay in advance to the Secretary of State a franchise tax for the year following, which shall be computed as follows; viz., $1 on each $1,000 or fractional part thereof of the authorized capital stock of the corporation up to and including $100,000, and $2 on each $5,000 or fractional part

thereof of such stock in excess of $100,000 and up to and including $1,000,000; and $2 on each $20,000 or fractional part thereof of such stock in excess of $1,000,000 and up to and including $10,000,000, and $2 on each $50,000 of such stock in excess of $10,000,000; unless the total amount of the capital stock of such corporation issued and outstanding, plus its surplus and undivided profits, shall exceed its authorized capital stock, and in that event the franchise tax of such corporation for the year following shall be $2 on each $1,000 or fractional part thereof of the authorized capital stock of such corporation issued and outstanding, plus its surplus and undivided profits, up to and including $100,000, and $2 on each $5,000 or fractional part thereof of such stock, surplus, and undivided profits in excess of $100,000 and up to and including $1,000,000; and $2 on each $20,000 or fractional part thereof of such stock, surplus, and undivided profits in excess of $1,000,000 and up to and including $10,000,000; and $2 on each $50,000 of such stock, surplus, and undivided profits in excess of $10,000,000; provided that such franchise tax shall not in any case be less than $25. (See *ante*, sec. 25).

Lake View Land Co. *v.* Company, 95 Texas, 252; 66 S. W. 766; Security Co. *v.* Bank, 93 Texas, 575; 57 S. W. 22; Wilson *v.* Peace (Texas App.), 85 S. W. 31; De Witt *v.* Company, 81 S. W. 334.

UTAH.

(The references below are to the Revised Statutes of Utah, 1898, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Utah is to be found in the Revised Statutes of 1898 of that State, secs. 314–373, as amended by the Laws of 1899 and 1901. Under this act corporations may be formed for any purpose for which individuals may lawfully associate themselves. Special provisions are made for insurance, irrigation, trust, banking, and railway companies.

2. **Incorporators.** — Five or more persons, one of whom must be a resident of the State (sec. 314; see also Laws of 1905, chap. 22).

3. **Contents of the Articles of Agreement.** — The articles must set forth: *a. Name.* — No corporation can use the name of a corporation already organized within the State or of any foreign corporation duly authorized to transact business within the State (sec. 315, sub. 1; Laws of 1899, chap. 52; Laws of 1901, chap. 81; Laws of 1905, chap. 22).

b. Domicile. — The precinct or city where it is organized (Laws of 1905, chap. 22).

c. Incorporators. — The names of the incorporators and their places of residence (Id.).

d. Duration. — Not to be less than three nor more than one hundred years (Id.).

e. Purposes. — Pursuit or business agreed upon, specifying it in general terms. The Secretary of State permits the insertion of any number of objects in the articles not covered by special acts.

f. Place of General Business.

g. Stock Subscriptions. — The amount of stock each party has subscribed. The amount of each share and the limit of capital stock agreed upon. If the capital stock is to be divided into different kinds and classes, the rights and privileges of each class must be provided for, and the power of voting may be confined to such classes as the articles may designate. Unless otherwise provided, each shareholder is entitled to one vote for each share of stock owned by him or held in trust for others (Id.; see also Laws of 1903, chap. 59).

h. Officers and Directors. — The number and kinds of officers, their qualifications, and the terms of office, and time and manner of their election, removal, and resignation, with the names of the officers who are to serve until the first general election, provided that in no case shall the number of directors be less than three nor more than twenty-five. Provision may be made also for classifying directors into three classes to hold office, each for one, two, and three years respectively, one-third being elected annually (Id.).

i. Quorum of Directors. — Number of the entire board of directors that are necessary to constitute a quorum to be authorized to transact the business and exercise the corporate powers of the corporation, provided that a quorum shall not be less than one-fourth of the entire number (Id.).

j. Stockholders' Liabilities. — Whether or not the private property of the stockholders shall be liable for its obligations (Id.).

k. Provisions for the Regulation of Internal Affairs. — Such general clauses

as incorporators may deem necessary for conducting the business of the corporation for its future welfare (Id.). The law provides that articles of agreement shall also contain provisions as to the payment of stock subscriptions in property, if it is desired to pay them in this manner. (See sec. 5, *post*, "Procuring the Charter.") Provision may also be made in the articles of incorporation designating what proportion of the outstanding capital stock shall be represented at a stockholders' meeting, and what proportion of the stock so represented shall be necessary to determine any question relative to the election of officers (sec. 316, as amended by Laws of 1901, chap. 81). When so provided in the articles of agreement, meetings of the board of directors may be held for the transaction of any business of the corporation at such place without the State as the directors may by resolution or by by-law provide (sec. 324 : Laws of 1903, chap. 94). The articles of agreement may provide that the entire property of the corporation may be sold, mortgaged, or otherwise disposed of by the directors or by the stockholders (Laws of 1905, chap. 131).

4. **Statutory Powers.** — In addition to statutory enumeration of common law powers corporations have the following additional powers: To authorize voting by proxy, to forfeit stock for non-payment of assessments, to consolidate with other corporations engaged in the same line of business in the same vicinity, to enforce a lien upon the stock of its members for debts due the corporation, to remove directors and to authorize directors to adopt by-laws, to dispose of the assets of the corporation when such power is inserted in the articles of agreement and is given to the board of directors (R. S., sec. 322; R. S., secs. 335, 356, 373; R. L., secs. 340, 341; R. S., sec. 333; R. L., secs. 327; 322, 327, 333, 335, 340, 341, 356, and 376; see also Laws of 1905, chap. 27; Laws of 1905, chaps. 108, 131). Corporations other than irrigation companies are by implication forbidden to hold stock in other corporations (Laws of 1905, chap. 108, sec. 57; sec. 4411). Domestic corporations may transact business without the State (sec. 324; also Laws of 1903, chap. 94).

Bear River Co. *v.* Hanley, 15 Utah, 506.

5. **Procuring the Charter.** — The agreement must be subscribed by all of the incorporators, and sworn to and acknowledged by at least three of their number before the county clerk or any notary public of the county in which they have established or intend to establish their principal place of business (Laws of 1905, chap. 22). In addition to the foregoing, three or more of the incorporators must make oath to the effect that they have commenced, or it is *bona fide* their intention to commence, carrying on the business mentioned in the agreement; that the affiants verily believe that each party to the agreement has paid, or is able to and will pay, the amount of the stock subscribed by him, provided that such affidavit shall not be made until not less than ten per cent of the stock subscribed and ten per cent of the capital stock of the corporation has been paid in, and provided also, where subscriptions to the capital stock shall consist of property necessary to the pursuit agreed upon, there must appear in the articles of incorporation a description of the property so taken, with a statement of the fair cash value thereof, which statement, except in the case of corporations organized for mining or irrigation purposes, shall be supplemented by the affidavit of three persons to the effect that they are acquainted with the said property, and that it is reasonably worth the amount in cash for which it was accepted by the corporation, and the owner of such property shall be deemed to have subscribed such amount to the capital stock

of said corporation as will represent the fair cash value of so much of said property and of such interest therein as they may have conveyed to the corporation by deed actually executed and delivered (Laws of 1905, chap. 111). Before the first officers shall enter upon the duties of their respective offices they shall take and subscribe an oath of office that they will discharge the duties of such office to the best of their judgment, and that they will not do or consent to the doing of any matter or thing relating to the business of the corporation with intent to defraud any stockholder or creditor or the public. Thereupon the articles of agreement, together with the oath of office of the officers, shall within ten days from its due execution be filed and recorded in the office of the county clerk of the county in which the corporation's general business is to be carried on (secs. 316–318). The county clerk issues a certificate to the effect that the agreement and oaths of office have been filed in his office, which certificate, together with a copy of the agreement and oaths, must be filed in the office of the Secretary of State, and thereupon he issues a certificate that the above mentioned instruments have been filed in his office (secs. 316, 320, as amended by Laws of 1901, chap. 81).

P. T. C. Co. *v.* Company, 23 Utah, 474; 65 Pac. 735.

6. **Corporate Indebtedness.** — The capital stock cannot be diminished to an amount less than fifty per cent in excess of the indebtedness of the corporation (sec. 338; Laws of 1905, chap. 30).

7. **Organization Tax.** — Twenty-five cents on each $1,000 of the capital stock (Laws of 1897, chap. 1; Laws of 1901, chap. 60).

8. **Filing and Recording Fees.** — The payment of the organization tax includes the filing fees in the Secretary of State's office. To the Secretary of State for issuing certificate of incorporation, $5; for certified copy of articles of agreement, 15 cents per folio of one hundred words and $1 for certificate; for filing and issuing certificate of amendment, $5; to the county clerk for filing and indexing articles of agreement, $2.50; for recording the same, 20 cents per folio; for filing oath of officers, 50 cents each; for issuing certificate of compliance on the part of a foreign corporation, $5; for receiving and filing acceptance of the provisions of the constitution on the part of an incorporating company and issuing certificate thereof, $3 (secs. 965, 972; Laws of 1901, chap. 60; Laws of 1905, chaps. 73, 127).

9. **Commencing Business.** — Business may be commenced as soon as the articles are filed as required by law, and ten per cent of the capital stock subscribed, and ten per cent of the authorized capital stock has been paid in, and the officers have duly taken their oaths of office. Business must be commenced within the period of two years after the time of filing articles, to avoid forfeiture of charter (Laws of 1891, chap. 81, amending R. S., secs. 316, 321).

10. **Organization Meeting.** — The organization meeting must be held within the State; this in the absence of any statute expressly authorizing the holding of organization meetings without the State.

11. **Meetings of Stockholders and Directors.** — Meetings of stockholders and directors may be held at the time and place designated in the articles of agreement. In the absence of any statute expressly authorizing the holding of stockholders' meetings without the State, it is safe to say that without the consent of all stockholders such meetings must be held within the State (R. L., secs. 334, 336). When so provided in the articles of incorporation meetings of the board of directors may be held for the transaction of any business of the

corporation at such place without the State as the directors may by resolution or by-law provide (sec. 324; Laws of 1903, chap. 94). Voting by proxy is permitted. In order to permit of cumulative voting provision must be made in the articles of incorporation. The right to vote may be withheld from any class of stock by making provision to that effect in the articles of agreement (secs. 335, 337; Laws of 1903, chap. 59).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three and not more than twenty-five directors, one-third of whom must be residents of the State. Directors may be classified into three classes, one-third to be elected annually (sec. 315; Laws of 1905, chap. 22). They must take the oath of office (sec. 317). In case of corporations doing an interstate business no directors need be residents or stockholders unless expressly required by the articles of incorporation (sec. 324; Laws of 1903, chap. 94). One-fourth of the entire number may constitute a quorum if the articles so provide. Directors must be stockholders. Special provision is made for their removal by the stockholders (R. S., secs. 324, 327; Laws of 1901, chap. 81).

b. Liabilities. — *Quo warranto* proceedings may be brought against corporate officers who unlawfully exercise the duties of a corporate office (sec. 3609). Directors are liable for fraud; for making false reports to public officers, for the unauthorized use of names in prospectus; for the illegal declaration of dividends or illegal withdrawal of capital; for receiving notes in payment of capital stock, or for receiving from any other stock corporation stock of such corporation in exchange for that of the corporation and of which the above person is a director (secs. 4408–4413). Every director who is present at a meeting is deemed to concur in the action taken thereat, unless his dissent is entered on the minutes of the directors' meeting (secs. 4419, 4420).

13. **Stockholders' Liabilities.** — Unless the articles of agreement otherwise provide, stockholders are only liable to the creditors to the extent of their unpaid stock subscriptions (R. S., sec. 331; see also Cons., Art. XII. sec. 18; see also R. S., secs. 338, 354).

Richardson *v.* Company, 23 Utah, 366; 65 Pac. 74; Salt Lake Hardware Co. *v.* Company, 13 Utah, 423; 45 Pac. 200; Henderson *v.* Turngren, 9 Utah, 432; 35 Pac. 495; Crowfoot *v.* Thatcher, 19 Utah, 212.

14. **Stock Certificates.** — Each shareholder is entitled to a certificate showing the number of shares owned by him, signed by such officers as the by-laws may prescribe. Par value of shares may be any amount.

15. **Preferred Stock.** — The issue of preferred stock is expressly authorized by statute (Laws of 1903, chap. 59). Preferred stock may be issued on such terms and with such voting powers as may be prescribed in the articles of agreement (sec. 335; Laws of 1903, chap. 59).

16. **Payment of Capital Stock.** — Capital stock may be paid for in property by providing therefor in the articles of agreement and describing such property therein (Laws of 1901, chap. 81, amending R. S., sec. 316; Laws of 1905, chap. 111). Assessments cannot be made on full paid stock for any purpose unless so provided in the articles of agreement (sec. 354). No amendments to articles to make it assessable can be made except by unanimous consent of stockholders (sec. 338).

17. **Books.** — Correct books of the proceedings and business of the corporation must be kept open for inspection by stockholders. The place where such books are to be kept is not regulated by statute (R. S., secs. 328, 329, 4115).

18. **Office and Agent.** — The Constitution provides that no corporation

shall do business within the State without having one or more places of business within the State and an agent located thereat upon whom process may be served (Art. XII. sec. 9; see also R. S., sec. 4415).

19. **Reports.** — The statutes do not require reports to be made except for insurance, banking, loan, trust, and guaranty companies.

20. **Anti-Trust Statute.** — There is a moderate anti-trust statute in force in Utah (R. S., secs. 1752–1762).

21. **Statutory Grounds for Forfeiture of Charter.** — Charter may be forfeited for non-user for a period of two years consecutively, or for entering illegal pools or trusts (R. S., secs. 321, 1758). *Quo warranto* lies for misuse or non-use of charter (secs. 3610–3626 inclusive).

Jackson *v.* Company, 21 Utah, 1; 59 Pac. 238.

22. **Amendments.** — Articles of incorporation may be amended in any respect desired, by conforming to the provisions of law in such case made and provided (sec. 338). To carry the amendment into effect requires the vote of a majority of the stockholders cast at a stockholders' meeting called for that purpose. The law provides that if all the stockholders vote in favor of such amendment, notice thereof required by law, hereinafter referred to, need not be given, and provided further that the original purpose of the corporation shall not be altered or changed without the approval or consent of all the outstanding stock, and provided further that adding to the purposes or objects or extending the power and business of the corporation shall not be deemed to change the original purposes of the corporation (Laws of 1903, chap. 94; Laws of 1905, chap. 30). In the absence of unanimous consent on the part of the stockholders, notice of the meeting must be given by the president or secretary of the corporation in some newspaper having general circulation in the county where the corporation has its principal place of business for at least twenty-one days, stating the nature of the proposed amendment and the time and place of said meeting. Such change or amendment when adopted shall be signed by the president and secretary of such corporation, and be filed and recorded in the manner provided for the filing and recording of original articles (sec. 339; Laws of 1905, chap. 30).

23. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence.

24. **Dissolution.** — Voluntary dissolution may be had by application to the District Court upon two-thirds vote of the stockholders at a special meeting of the stockholders (R. S., secs. 3114, 3661–3667).

25. **Annual License Fee.** — All business corporations are required to pay an annual State license tax as follows: Where the authorized capital stock is $10,000 or less, $5; more than $10,000 and not exceeding $25,000, $10; over $25,000 and not exceeding $50,000, $15; over $50,000 and not exceeding $75,000, $20; over $75,000 and not exceeding $100,000, $25; over $100,000 and not exceeding $150,000, $35; over $150,000 and not exceeding $200,000, $40; over $200,000, $50. This tax must be paid on or before the 15th day of November of each year to the Secretary of State (Laws of 1907, chap. 107). Upon the payment of the license tax the Secretary issues to such corporation a certificate to that effect (Law of 1907, chap. 107).

26. **Foreign Corporations.** — Foreign corporations must file with the Secretary of State and county clerk of the county where the principal office of the corporation is to be located a copy of their articles of incorporation and by-laws.

The board of directors of such corporations must appoint some person residing within the county where the corporation's principal place of business is located to receive service of process upon the corporation. A similar resolution must be passed accepting in behalf of the corporation the provisions of the Constitution of the State of Utah. The fee for filing such acceptance is $3. Otherwise the filing and recording fees are the same as for domestic corporations. Foreign corporations pay the same fees to the Secretary of State as domestic corporations of like capitalization. Foreign corporations must also pay the same annual license tax as is exacted from domestic corporations (secs. 351, 352; Laws of 1907, chap. 107). Under the Constitution, Art. XIII. sec. 6, no corporation organized outside of the State is permitted to transact business within the State on conditions more favorable than those prescribed by law to similar corporations organized under the laws of Utah.

R. G. W. Ry. Co. *v.* Company, 23 Utah, 22; 63 Pac. 995; Hiskey *v.* Company, 27 Utah, 409; 76 Pac. 20; A. Booth & Co. *v.* Weigand (Utah), 79 Pac. 570.

VERMONT.

(The references cited below are to the Public Statutes of Vermont, Revision of 1906, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Vermont is found in the statutes of Vermont, Revision of 1906, title 25, chap. 182, secs. 4101–4174. Under it corporations may be formed for carrying on any object or business not repugnant to public policy or the laws of the State, excepting express, banking, insurance business, construction and operation of railroads or in aiding in the construction thereof, and the business of savings banks, trust companies, or corporations intended to derive profit from the loan of money (sec. 4138, as amended by Laws of 1906, Act 116).

2. **Incorporators.** — Five or more adult persons. There are no residential requirements (sec. 4138; Laws of 1906, Act 116).

3. **Contents of Articles of Association.** — The articles of association must contain:

a. Name. — Similarity of names with that of existing corporations forbidden (sec. 4139).

b. Purposes. — Object or objects for which established. Any number of purposes may be inserted in the articles (sec. 4139).

c. Domicile. — Place in which corporate business is to be carried on (sec. 4139).

d. Capital Stock. — Amount thereof. Capital stock is limited to a minimum of $500 and a maximum of $1,000,000. The par value of shares must not exceed $100 (secs. 4139, 4162). Duration of corporate existence is unlimited unless incorporated for a limited term (sec. 4153).

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers, the following additional powers are granted: The right to vote by proxy at stockholders' meetings, to forfeit stock for failure to pay assessments, and to have a lien upon the stock of its members for debts due to the corporation (secs. 4153, 4155, 4161).

5. **Procuring the Charter.** — Articles must be subscribed by all the incorporators and then submitted to the Secretary of State for his approval. The latter may, if he sees fit, refer the same to a judge of the Supreme Court, who is given power to determine whether the proposed corporation may or may not be organized under the General Act (Laws of 1906, Act 116). If the articles are approved, they are recorded in the office of the Secretary of State, and a certified copy thereof must be recorded in the office of the clerk of the town in which the principal place of business of the corporation is located. The organization tax must be paid to the Secretary of State before corporate existence begins (secs. 4139–4141 inclusive).

Lawrie *v.* Silsby (Vt.), 57 Atl. 1106.

6. **Corporate Indebtedness.** — One-fourth of the capital stock must be paid in before the corporation can contract debts. No debts can be contracted in any event exceeding in amount two-thirds of the capital stock actually paid in (sec. 4158).

7. **Organization Tax.** — Capital stock up to $5,000, $10; not exceeding

$10,000, $25; not exceeding $50,000, $50; not exceeding $200,000, $100; not exceeding $500,000, $200; not exceeding $1,000,000, $300; exceeding $1,000,000, $500 (secs. 731, 732, 734).

8. **Filing and Recording Fees.** — The payment of the organization tax includes the filing and recording fees in the Secretary of State's office. The charge for issuing certified copy of articles of association is $2. Recording fees in local town or city office, $1; fee for filing certificate of payment of capital stock, $1.

9. **Commencing Business.** — Before commencing business, also, the president or clerk must make a certificate under oath stating the amount of capital actually paid in. This must be at least one-fourth of the capital stock, if debts are to be contracted. This certificate is filed in the office of the Secretary of State, and a certified copy thereof with the clerk of the town in which the principal place of business is to be located (secs. 4156, 4158).

10. **Organization Meeting.** — The organization meeting must be held within the State. Any three of the signers of the articles of association may call the first meeting of the persons signing such articles, by delivering to each, or leaving at his abode, or mailing, postage prepaid, to his address at least seven days prior to the time of such meeting, a notice of the time and place thereof. Such meeting may be held without previous notice if all the signers of such articles voluntarily assemble for such purpose or agree thereto in writing (sec. 4142). At said first meeting the signers of said articles shall effect an organization by choosing a temporary clerk by ballot, the adoption of by-laws, and the election of officers (sec. 4143).

11. **Meetings of Stockholders and Directors.** — There is no statute authorizing the holding of stockholders' meetings without the State, and by implication at least they must be held there. Directors' meetings may be held within or without the State, as the by-laws may provide (secs. 4144, 4145, 4152).

12. **Directors' Qualifications and Liabilities.** a. *Qualifications.* — There must be at least three directors, who must be stockholders, and two of them must be residents of the State. Directors may fill vacancies in the board or in the office of the clerk of the corporation (secs. 4146, 4151). It would appear that an executive committee of the board of directors may be provided for in the by-laws. (See Roebling Sons *v.* Barre, 76 Vt. 131.)

Buck *v.* Company (Vt.), 56 Atl. 285.

b. Liabilities. — Directors are liable if the corporation contracts debts before a copy of its articles of association and a certificate as to the amount of capital stock paid in are filed in the office of the clerk of the town in which the principal office of the corporation is to be located. They are also liable for illegal payment of dividends, or for permitting the creation of indebtedness in excess of two-thirds of the capital stock paid in (secs. 4156, 4157; see also secs. 4150, 4109, 4110).

Farr *v.* Briggs Estate, 72 Vt. 225; 47 Atl. 793; Davenport *v.* Newton, 71 Vt. 11; 42 Atl. 1087.

13. **Stockholders' Liabilities.** — Stockholders are liable to the extent of their unpaid stock subscriptions. If the capital stock is withdrawn or refunded to the stockholders before the full payment of its debts, each stockholder is personally liable to the amount thereof refunded to him (secs. 4159, 4160).

Barton Nat. Bank *v.* Atkins, 72 Vt. 33; 47 Atl. 176; Corey *v.* Morril, 61 Vt. 598; 17 Atl. 840.

14. **Stock Certificates.** — Stockholders are entitled to a certificate signed by such officers as the by-laws prescribe. The par value of shares must not exceed $100 each (sec. 4162). As to obtaining new certificates for lost ones, see secs. 4124–4126.

15. **Preferred Stock.** — There is no provision expressly authorizing the issuance of preferred stock.

16. **Payment of Capital Stock.** — Stock may be issued in payment for any property deemed necessary for the business of the corporation, and the stock so issued shall be fully paid stock, and not liable to further call (sec. 4158).

17. **Books.** — Stock book must be kept within the State, containing the names of the holders of stock, their places of residence, and number of shares held by each, amount actually paid in on each share, and time when they acquired the same (secs. 4111, 4148, 4167). All records, amounts, and papers of the corporation are open to the inspection of stockholders (secs. 4109, 4110, 4148, 4150, 4167). Special power is granted to the courts to require the production of corporate books and papers by corporate officers of either domestic or foreign corporations doing business within the State (Laws of 1906, Act 75).

18. **Office and Agent.** — Must have an office within the State in charge of a clerk in the town where its principal place of business is located (secs. 4146, 4167, 4108). If the corporation neglects for six months to appoint and have a clerk residing in the State, it shall forfeit $50 to the person injured (sec. 4108).

19. **Reports.** — All domestic corporations must within ten days after organization file its annual tax returns with the State Treasurer and the Commissioner of State Taxes in the manner hereinafter set forth to cover the unexpired portion of the fiscal year commencing the 1st day of February next preceding. The report here required must be upon blanks furnished by the Commissioner of State Taxes. The corporation must fill out such blanks and answer all interrogatories therein contained. Such blanks so filled out shall be subscribed and sworn to by the clerk, treasurer, or other proper officer of the corporation. One copy of the blank so filled out and sworn to, shall be returned to the Commissioner of Taxes, one copy shall be sent to the State Treasurer, and one copy shall be retained by the corporation. Such returns are required to be made annually, and should be filed on or before the 1st day of March (secs. 645–647, 699, as amended by Laws of 1906, chap. 36).

20. **Anti-Trust Statute.** — There is no anti-trust statute in force in Vermont.

21. **Statutory Grounds for Forfeiture of Charter.** — Charter may be forfeited for failure to pay license taxes (secs. 695, 704, 705; Laws of 1906, Acts 36, 75).

22. **Amendments.** — Articles may be amended for the purpose of increasing or decreasing capital stock, for the purpose of changing the corporate name or place of domicile, or for the purpose of altering, adding to, or changing the business of the corporation. To increase the capital stock requires a meeting of the stockholders warned for the purpose. After the increase has been voted a certificate must be prepared, and signed and sworn to by the president and clerk, stating the nature of the amendment. This must be filed and recorded with the Secretary of State, and a certified copy thereof returned and recorded in the town clerk's office in the same manner as the original articles of association.

To reduce the capital stock requires a meeting of the stockholders warned for that purpose, and action thereat had by two-thirds of its stockholders

in amount. After such reduction a certificate thereof, signed and sworn to by the president and clerk, must be filed and recorded with the Secretary of State, and a certified copy thereof returned and recorded in the town clerk's office in the manner provided in the case of increase of capital stock. The name of the corporation may be changed by a two-thirds vote of the stockholders representing two-thirds of the capital stock cast at a meeting duly warned for that purpose. Thereafter a certificate signed by the clerk must be filed and recorded in the office of the Secretary of State, setting forth the name and the substance of the voting. A certified copy of such certificate must be recorded in the town clerk's office, where the certified copy of the original articles of association is required to be recorded.

The purposes of the corporation may be changed by a vote of all of the stockholders at a meeting duly called for that purpose. A certificate setting forth such change, signed and sworn to by the president and clerk of such corporation, must be filed and recorded with the Secretary of State, and certified copy thereof returned and recorded in the town clerk's office in the same manner as the original articles of association (Laws of 1904, chap. 91). The domicile of a corporation formed under chap. 165 of Vermont statutes may be changed from any town of this State in which it may be located to any other town of this State, by a two-thirds vote of the stockholders representing two-thirds of the capital stock, or if it has no capital stock, by a two-thirds vote of all the members present at a meeting duly warned for that purpose, and by transmitting and causing to be recorded in the office of the Secretary of State a certificate signed by the clerk, setting forth the change made and the substance of the vote, and causing a certified copy thereof to be recorded in the town clerk's office where a certified copy of the original articles of association is required to be recorded, and causing a certified copy of the original articles of association and a certified copy of the certificate hereinbefore referred to, to be recorded in the town clerk's office in the town of the new domicile (Acts of 1898, No. 68).

23. **Extension of Corporate Existence.** — Companies may be incorporated for an unlimited term. The only provision for extension of corporate existence is found in Laws of 1906, chap. 38. This act provides that the payment of the charter tax on or before the 1st day of March in each year shall extend the time one year from said date within which the corporation may organize under its charter notwithstanding the time limited may be fixed in such charter for its organization.

24. **Dissolution.** — Dissolution may be voted at any meeting called for that purpose at which a majority vote of the total stock issued and outstanding is voted in favor of winding up the corporate affairs. The decree of dissolution must be obtained by application to the Court of Chancery through the medium of a bill of complaint setting forth the county wherein the corporation has its principal office, together with such facts as may be material, and praying for the winding up of such corporation. After decree of dissolution is obtained the clerk of the court shall forthwith cause a certificate copy of the decree to be filed in the office of the Secretary of State, and when so filed the existence of the corporate shall terminate in accordance with the terms of the decree (secs. 4132–4137). Voluntary dissolution to avoid payment of annual tax may be accomplished by filing and recording with the Secretary of State and the Commissioner of State Taxes a sworn statement sworn to by the president, secretary, or any two officers of the corporation stating that all

debts have been paid and that the corporation owns no property in the State (secs. 705, 706).

25. **Annual License Fee.** — On capital stock up to $50,000, $10; and for each $50,000 or part thereof in excess of $50,000, $5; but no tax shall exceed $50. The fiscal year for the purpose of the imposition of the annual license tax commences the 1st day of February. All domestic corporations must file their annual license tax returns as of that date. The tax must be paid on or before the 1st day of April in each year (secs. 690, 695, 697, 703, 704–706, as amended by Laws of 1906, Act 36).

26. **Foreign Corporations.** — Every foreign corporation desiring to do business in Vermont must first procure from the Secretary of State a certificate that it has complied with all requirements of law to authorize it to do business in this State, and that the business of the corporation to be carried on in Vermont is such as may be lawfully carried on by a corporation incorporated under the laws of the State for such or similar line of business. The requirements here referred to are: First, that it has filed in the office of the Secretary of State and in the office of the Commissioner of State Taxes a sworn statement in the English language of its charter or certificate of incorporation, and a statement under its corporate seal stating the business it is engaged in or which it proposes to carry on in the State, and the place within the State which is to be its principal place of business, with the person residing in the State upon whom process may be served. The person designated must have a principal place of business within the State (secs. 707, 714, 715; Laws of 1907, Act 36). Within ten days after the date of its certificate of registration in Vermont it must file its annual tax returns and pay the pro rata proportion of the annual tax for the unexpired portion of the current year (sec. 700, as amended by Laws of 1906, Act 36; see *ante*, sec. 19). A fee of $2 must be paid to the Secretary of State and to the Commissioner of State Taxes (sec. 716). By non-payment of annual license tax by April 1st it forfeits the right to sue in the State, and may be enjoined from doing business therein (sec. 710, as amended by Laws of 1906, Act 36; see also secs. 1344, 4644–4649 of the Laws of 1906, Act 75). Foreign corporations must file the same reports as domestic corporations.

Osborne *v.* Ins. Co., 57 Vt. 278.

VIRGINIA.

(The references cited below are to Pollard's Virginia Code, 1904.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Virginia is to be found in Pollard's Virginia Code of 1904, title 17, secs. 46 and 46 a, 1068 to 1105 e. The same is also to be found in the Session Laws of Virginia for 1902–1904, chaps. 437–484. Under the foregoing, charters may be procured for any lawful business. (See also Laws of 1904, chap. 50.)

2. **Incorporators.** — Three or more. There are no residential requirements (sec. 1105 a, ss. 1).

3. **Contents of the Articles of Incorporation.** — The articles must set forth:

a. Name. — Name must contain the word "corporation" or "incorporated," and must be such as to distinguish it from any other corporation engaged in a similar line of business (sec. 1105 a, 2).

b. Domicile. — Name of the county, city, or town where the principal office within the State is to be located (Id.).

c. Purposes. — Purposes for which it is formed. There may be any number not covered by special act (Id.).

d. Capital Stock. — Maximum and minimum amount of capital stock and number of shares. If preferred stock is desired, there must be inserted a description of the several classes of stock, with the terms on which they are created (Id.).

e. Duration. — May be perpetual, if desired (Id.).

f. Officers and Directors. — Names and residences of officers and directors for the first year (Id.). Directors may be classified, if desired (sec. 1105 e, 12).

g. Real Estate. — Limitation upon amount of holdings thereof (Id.).

h. Regulation of Internal Affairs. — Any provisions may be inserted for the conduct of the affairs of the corporation; also any provisions defining, limiting, or regulating the powers of the corporation to the directors or stockholders (Id.).

4. **Statutory Powers.** — In addition to a statutory enumeration of common law powers, the following additional powers are granted: To take real and personal estate by gift, devise, or bequest; to subscribe, guaranty, or become surety in respect to stock and bonds of other corporations; to conduct business in other States and Territories and foreign countries; to hold meetings of directors within or without the State; to have offices, to hold, purchase, mortgage, or convey real and personal property both within and without the State; to authorize voting by proxy in the election of directors; to classify directors; to permit the insertion in the articles of a provision delegating the power to adopt by-laws to the directors; to remove directors; to forfeit stock for non-payment of assessments; to issue preferred stock; to permit cumulative voting by inserting provision therefor in the articles; power to insert in the articles provision conferring upon the bondholders right to vote in respect to corporate affairs, management, and consolidation with other corporations (sec. 1105 e, 2–8, 10, 12, 13, 16, 19, 40–42). The statute authorizes

the directors to appoint an executive committee of two or more directors from their own number (sec. 1105 a, 13).

5. **Procuring the Charter.** — The certificate of incorporation must be subscribed by each of the incorporators, and is then presented to the judge of the Circuit Court of the county, or to a judge of the Corporation, Circuit, or Chancery Court of the city wherein the corporation is to be located, for his certificate to the effect that it is executed according to law. When so endorsed and when organization tax is paid, the certificate must be presented to the State Corporation Commission, which is authorized to pass upon the question whether the applicants have, by complying with the requirements of the law, entitled themselves to the charter. If satisfied in this regard, the fact is certified by them to the Secretary of the Commonwealth, and the charter is recorded by him in the charter records. This done, the Secretary of the Commonwealth certifies the certificate to the clerk of the Circuit Court of the county or to the Corporation Court of the city wherein the principal office of the corporation is to be located, or to the clerk of the Chancery Court of the city of Richmond in case the principal office is to be located there. These officials are required to record the certificate in their offices and to endorse the fact of such recordation upon the certificate; whereupon the said certificate, with all endorsements thereon, is returned by such last-named official to the clerk of the State Corporation Commission, and lodged with him. Corporate existence commences as soon as the certificate has been lodged for record in the office of the Secretary of the Commonwealth (sec. 1105 a, 3).

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of corporate indebtedness. The statute expressly gives the right to a corporation to create a bonded indebtedness. If provision is so made in the articles of incorporation or by amendment thereto, voting powers in the corporation may be granted to bondholders (sec. 1105 e, 4, 29).

7. **Organization Tax.** — On capitalization of $50,000 or less, $10; over $50,000 and less than $1,000,000, 20 cents for each $1000 or fraction thereof; $1,000,000 or more, $600. (The foregoing schedule does not apply to transportation or transmission companies.) (Laws of 1902–3–4, chap. 148, sec. 38.)

8. **Filing and Recording Fees.** — The organization tax is payable to the Secretary of the Commonwealth. The following additional fees are charged: $1 for application of the seal of the Charter Commission to the certificate, and 50 cents per page plus $2 for recording the charter in the office of the Secretary of the Commonwealth. The registration fee as well as the franchise tax is payable annually on or before March 1st of each year. The annual franchise tax is payable to the order of the Treasurer of Virginia, and forwarded to the Auditor of Public Accounts at Richmond. There is no charge for the approval of the local judge, or for obtaining his certificate to the effect that the certificate of incorporation is executed according to law. The State Charter Commission charges $1 for certificate under seal that the applicants for a charter have complied with the requirements of law and are entitled to a charter. The Secretary of the Commonwealth makes no additional charge other than the charges referred to above for giving his certificate to the clerk of the Circuit Court as to the filing in his office of the certificate of incorporation. The charges for filing and recording in the local office (*e. g.*, clerk of the State court) are the same as for the Secretary of the Commonwealth given above. The State Charter Commission makes no charge for finally lodging the certificate of incorporation in their office. The Secretary of the Commonwealth charges $1.50 for issuing cer-

tificate of incorporation. The cost of certified copy of the certificate of incorporation is 50 cents per page, 50 cents for certificate plus $1 for application of seal when required under seal. There are no charges made for filing and recording report as to officers, directors, etc. Under sec. 39, chap. 5, of the act concerning corporations, a report is required to be filed with the Charter Commission. Under sec. 14, chap. 1, of the same act a report is required to be filed with the clerk of the court. There is no charge as to the report under sec. 39, chap. 5, of the Corporation Act, but a charge of 25 cents to the clerk of the court for the report under sec. 14, chap. 1, is made. There is an additional charge of 50 cents per page where the certificate of incorporation exceeds two pages in length.

9. **Commencing Business.** — Business may be commenced as soon as the certificate has been recorded and approved as required by law, and as soon as the minimum capital stock as fixed by the certificate of incorporation has been filed. Before any capital stock can be issued there must be submitted to the State Corporation Commission a statement relative to the financial plan on which such stock issued is to be made. (See *post*, sec. 16.) The corporation must commence business within two years after the date of the issuance of the charter (sec. 1105 e, 39; 1105 a, 14). Within thirty days after the first election of officers and directors a report authenticated by the signature of the president or one of the vice-presidents or the secretary of the corporation must be filed in the office of the State Corporation Commission, stating character of its business, corporate name, location, name of agent upon whom process may be served, amount of its authorized capital stock, amount actually issued and outstanding, names and addresses and terms of office of officers and directors, and date of annual meeting (sec. 1105, 14).

10. **Organization Meeting.** — The organization meeting should properly be held within the State (sec. 1105 a, sub. 4). The corporation must organize and commence business within two years after granting of the charter. Incorporators may assign their interests, if desired (sec. 1105 e, 6; sec. 1105 e, 51).

11. **Meetings of Stockholders and Directors.** — The annual meeting of the stockholders must be held within the State. It would seem that special meetings should likewise be held within the State. Directors' meetings may be held within or without the State as the by-laws provide (sec. 1105 e, 7).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least three directors, including the president, who must be a director. The act provides for the appointment by directors of an executive committee to manage the business of the corporation (sec. 1105 a, sub. 13; sec. 1105 e, 10). Directors may be classified, if desired (sec. 1105 e, sub. 12).

b. Liabilities. — Directors are jointly and severally liable for any damage resulting from their wilfully and fraudulently causing to be published or given out a report of the condition or business of the corporation known to them to be false in any material respect. To enforce this liability action must be brought within two years after the right of action accrues (sec. 1105 e, 26, 35). They are also liable for illegal declaration of dividends, if they do not dissent therefrom (1105 e, 60).

13. **Stockholders' Liabilities.** — Stockholders are only liable for their unpaid stock subscriptions (1105 e, 9). No stock can be assigned on the books of the corporation without the consent of the corporation until all dues and debts are paid thereon (1105 e, 57). If the stock is assigned before all stock subscriptions are paid thereon, the assignee is liable for any instalments which

have accrued or which may thereafter accrue under the subscription agreement (Id.).

14. **Stock Certificates.** — Each stockholder is entitled to a certificate signed by the president or one of the vice-presidents and the treasurer, or by any two officers of the corporation thereto authorized by the board of directors (sec. 1105 e, 14).

15. **Preferred Stock.** — Preferred stock is expressly authorized by the act. Provision may be made for the issuance of the same either in the original certificate or by subsequent amendment thereto. Preferred stock may be issued, if desired, subject to redemption, three years after the issue thereof at a price not less than par. Every corporation shall have power to create two or more kinds of stock of such classes, with such distinctions, preferences, and voting powers or restrictions or qualifications as shall be stated or expressed in the charter, certificate of incorporation, or articles of association, or in any amendment thereof; and the power to increase or decrease the stock, as in this act elsewhere provided, shall apply to all or any of the classes of stock. Any preferred stock that may be issued, may if desired, be made subject to redemption at any time after three years from the issue thereof at a price not less than par, and the holders thereof shall be entitled to receive, and the corporation bound to pay thereon, dividends at such rates and on such conditions as shall be stated in its charter or any amendment thereof, or in the original or amended certificate of incorporation or articles of association or any amendment thereof, and such dividends may be made payable before any dividends shall be set apart or paid on the common stock, and such dividends may be made cumulative (sec. 1105 a, 2, also 1105 e, 3).

16. **Payment of Capital Stock.** — Stock may be issued for money, land, or other property, real or personal, leases, options, mines, minerals, mineral rights, patent rights, rights of way, easements, contracts, labor, or services. The act provides that there shall be no individual liability on any subscriber beyond the obligation to comply with his contract of subscription. Under the Constitution of 1902, sec. 167, it is provided that whenever stocks or bonds are to be issued by a corporation it shall, before issuing the same, file with the State Corporation Commission a statement (verified by the oath of the president or secretary of the corporation) in such form as may be prescribed by the commission, stating fully and correctly the basis or financial plan upon which stock or bonds are to be issued; and where such basis or financial plan includes services or property received or to be received by the company, such statement shall correctly specify and describe, in the manner prescribed or required by the commission, the services and property, together with the valuation at which the same are received or to be received. (See also Code of 1904, sec. 1105 e, 9.) The act further provides that the judgment of the directors as to the value of the property taken in exchange for stock shall, in the absence of fraud in the transaction, be conclusive. For violating this provision a fine of $1,000 may be imposed, and judgment entered therefor by the said Corporation Commission, which is given judicial powers for this purpose (sec. 1105 e, 9).

17. **Books.** — Transfer books must be kept (sec. 1105 e, 18).

18. **Office and Agent.** — Corporations must have a principal office within the State. In case the officers and directors are non-residents of the county, city, or town where the principal office is located, they must annually, by written power of attorney, appoint some practising attorney at law residing therein, as their attorney or agent upon whom service of process may be made,

who shall be authorized to enter an appearance in its behalf. This power of attorney must be recorded in the clerk's office of the Circuit Court of the county or the Corporation or Chancery Court of the city wherein the principal office of the corporation is located. It must also be filed in the office of the Secretary of the Commonwealth (sec. 1105 a, 2; also sec. 1105 e, 5, 39).

19. **Reports.** — Companies incorporated under the general laws must, within thirty days after the annual meeting, file in office of State Corporation Commission a report stating name of the corporation, location, character of business, authorized capital stock, amount issued and outstanding, names and addresses of officers and directors, date of next annual meeting. Every corporation must file with the State Corporation Commission by February 1st of each year report of the amount of its maximum capital stock. Every corporation shall also, at the time of paying its annual registration fee, make to the State Corporation Commission such report of its status, business, or condition as the State Corporation Commission shall require. Non-compliance with these provisions subjects the corporation to a fine of not less than $25 and not more than $100 for each thirty days' default (sec. 1105 e, 39). Every corporation shall, after the annual meeting of its stockholders, certify to the clerk of the Circuit Court of the county or the clerk of the Circuit, Corporation, or Chancery Court of the city wherein is located its principal office, a list of the officers and directors of such corporation elected at said annual meeting (chap. 1, sec. 14).

20. **Anti-Trust Statute.** — The Constitution of 1902, sec. 165, provides that the General Assembly shall enact laws preventing all trusts, combinations, and monopolies inimical to the public welfare. (See Laws of 1907.)

21. **Statutory Grounds for Forfeiture of Charter.** — Whenever the principal purpose for which the corporation was formed has failed, or the management thereof is abandoned by its officers, or when operations under the charter have been suspended or abandoned for a period of three years, or the corporation has become insolvent, the charter of such corporation is liable to forfeiture or may be dissolved (sec. 1105 a, 15).

22. **Amendments.** — Before the amount of stock fixed by the incorporators as the minimum capitalization shall have been subscribed, any amendment to the original certificate may be made by a supplemental certificate signed and acknowledged by the incorporators, and certificate issued and recorded in the office of the State Corporation Commission in the same manner as provided in reference to the original certificate (sec. 1105 a, 5).

At any time after such subscription shall have been completed, the subscribers to the capital stock may, until the corporation is duly organized, apply to the State Corporation Commission for any amendment to the original certificate, and to that end may present the State Corporation Commission a supplemental certificate signed and acknowledged by them in the same manner as in the case of the original certificate certified by a judge as provided in the case of original certificates, and thereupon said State Corporation Commission shall act thereon in the same manner as provided in the case of such original certificates; and if the amendment be issued, then such supplemental certificate, together with all endorsements and order of the commission thereon, shall be recorded in the office of the State Corporation Commission as is provided in the case of original certificates, and when lodged in the office of the Secretary of the Commonwealth for record the original charter shall be deemed to be altered or amended accordingly (sec. 1105 a, 6).

At any time after organization any such corporation may change the nature

of its business, change its name, decrease its capital stock, change the par value of the shares of its capital stock, change the location of its principal office in this State, extend its corporate existence, create one or more classes of preferred stock, and make such other amendments, changes, or alterations as may be desired in the manner following, except that no increase of capital stock shall be made otherwise than in the manner prescribed in sec. 9 of this act (sec. 1105 a, 7).

The board of directors shall pass a resolution declaring that such amendment, change, or alteration is advisable, and calling a meeting of the stockholders to take action thereon, the meeting to be held upon notice by publication at least six times a week for two successive weeks prior to such meeting in some newspaper published in or near the place where its principal office is located, or notice in writing to each of the stockholders, to be served on him personally, or by mailing the same to him at his last known post-office address, at least ten days prior to such meeting; such notice must state the time and place of the meeting and its object. If two-thirds in interest of each class of the stockholders having voting power shall vote in favor of such amendment, change, or alteration, a certificate thereof shall be made by the president or by one of the vice-presidents, under the seal of the corporation, attested by the secretary and acknowledged by them before an officer authorized by the laws of the State to take acknowledgments of deeds. Such certificate, and if the amendment or alteration be one in respect to which the payment of a fee to the State is imposed by law, a receipt for such payment shall be presented to the State Corporation Commission, which shall ascertain and declare whether the said applicant, by complying with the requirements of the law, is entitled to the amendment, alteration, or extension set forth in said certificate, and shall issue or refuse the same accordingly. If the same is issued, the said certificate with the endorsements thereon, together with the order thereon of the commission, shall be forthwith certified as required by law to the Secretary of the Commonwealth, to be recorded by the last-named officer as provided in reference to original certificates, and shall be certified by him to the clerk of the Circuit Court of the county, or the Circuit, Corporation, or Chancery Court of the city in which the original certificate of incorporation is recorded, and the clerk of such court shall thereupon record the same in his office in a book provided and kept for the recordation of charters, and shall endorse the fact of such recordation upon the said certificate, and return the same to the State Corporation Commission, to be lodged and preserved in the office of its clerk. As soon as the said certificate is lodged for recordation in the office of the Secretary of the Commonwealth, the original certificate of incorporation shall be deemed to be amended accordingly; provided, however, that such certificate of amendment, change, or alteration shall contain only such provisions as it would be lawful and proper to insert in an original certificate of incorporation, made at the time of making such amendment or alteration; provided that no amendment, change, or addition substantially changing the object for which said corporation was chartered, or extending the duration of its corporate existence, shall be made, except by unanimous consent of all the stockholders of said corporation (sec. 1105 a, 8).

In case the capital stock of any corporation organized under this chapter or under any charter heretofore granted by any court, or by the General Assembly of this State, for any purpose permitted under sec. 1 of this chapter, is found to be insufficient for its purposes, such corporation may increase its capital stock from time to time to any amount that it may deem requisite, such

increase to be sanctioned by a vote in person or by proxy of two-thirds in amount of all the stockholders who shall be present or represented and voting at a meeting of the stockholders, which two-thirds shall amount to at least a majority of the capital stock of the corporation, called by the directors for that purpose by a notice by publication at least six times a week, for two successive weeks prior to such meeting, in some newspaper published in or near the place where its principal office is located, or notice in writing to each of the stockholders, to be served on him personally, or by mailing the same to him at his last known post-office address, at least ten days prior to such meeting; such notice must state the time and place of the meeting and its general object, and the amount to which it is proposed to increase the capital stock. The proceedings of said meeting must be entered on the minutes of the proceedings of the stockholders; and if two-thirds in amount of such stockholders vote in favor of such increase, a certificate thereof shall be made by the president, or by one of the vice-presidents, under the seal of the corporation attested by the secretary, and shall be acknowledged by said officers signing the same before any officer authorized by the laws of the State to take acknowledgments of deeds; and when so acknowledged, it, together with the receipt for the payment of any fee to the State which may be imposed by law for such increase of capital, may be presented to the State Corporation Commission, which shall ascertain and declare whether the said corporation has, by complying with the requirements of the law, entitled itself to make such increase of the capital stock of said corporation, and accordingly shall issue or refuse a certificate for said increase of capital. If the amendment to the charter of such corporation allowing such increase of capital be issued, it shall be certified by the commission as required by law to the Secretary of the Commonwealth, and recorded by the last-named officer in the charter records of his office, and by him certified to the clerk of the court of the county or city in which the original certificate of incorporation is recorded, who shall likewise record the same in his office, and endorse upon such certificate the fact of such recordation, and return the same to the State Corporation Commission, to be lodged and preserved in the office of its clerk. As soon as the said certificate is lodged for recordation in the office of the Secretary of the Commonwealth, the charter of said corporation shall stand so amended, and the increase of capital stock shall become effective, and from time to time the board of directors may proceed to dispose of the capital stock as so increased, upon such terms and conditions and for such considerations as they may deem for the best interests of the corporation, but not until after full compliance with the requirements in that regard of sec. 167 of the Constitution of the State (sec. 1105 a, 9).

The decrease of the capital stock of any corporation organized under this chapter or under any charter heretofore granted by any court, or by the General Assembly of this State, for any purpose permitted under sec. 1 of this chapter, may be effected by retiring or reducing any class of stock, or by the surrender by every shareholder of his shares, and the issue to him in lieu thereof of a decreased number of shares, or by the purchase at not above par of certain number of shares for retirement, or by retiring shares owned by the corporation, or by reducing the par value of the shares; and when any corporation shall decrease the amount of its capital stock, as hereinbefore provided, the certificate decreasing the same shall be published for three weeks successively, at least once in each week, in a newspaper published in the county or city in which the principal office or place of business of the corporation is located, the

first publication to be made within fifteen days after the recordation of such certificate, as required by sec. 7 of this chapter; but if there be no such newspaper published in said city or county, then a copy of said certificate shall be posted at the front door of the court-house of said county or city within fifteen days after the recordation of said certificate; provided that no such decrease in capital stock shall affect any right of any creditor of the said corporation existing at the time of such decrease (sec. 1105 a, 10).

23. **Extension of Corporate Existence.** — There is no provision for the extension of corporate existence after the expiration of the charter.

24. **Dissolution.** — The incorporators before the payment of any part of the capital stock and before beginning business may surrender all their corporate rights and franchises by following the steps prescribed in the statutes. After organization, on resolution of a majority of the board of directors, with the consent of two-thirds in interest of the stockholders, the corporation may be voluntarily dissolved (sec. 1105 a, 11, 12, 15).

25. **Annual Franchise Tax.** — Before March 1 of each year every corporation shall pay into the treasury of the State a tax assessed by the State Corporation Commission as follows: With capital stock of $25,000 and under, $10; over $25,000 and not exceeding $50,000, $20; over $50,000 and not exceeding $100,000, $40; over $100,000 and not exceeding $300,000, $60; over $300,000 and not exceeding $500,000, $100; over $500,000 and not exceeding $1,000,000, $200; in excess of $1,000,000, $10 for each additional $100,000 or fraction thereof. Non-payment within the time required subjects the corporation to a penalty of five per cent per annum (Acts of 1903, p. 182).

26. **Annual Registration Fee.** — All domestic corporations other than charitable and foreign corporations doing business within the State shall pay annually into the treasury of the State before March 1 of each year the following registration fee: With capitalization of $15,000 or under, $5; over $15,000 and not exceeding $50,000, $10; over $50,000 and not exceeding $100,000, $15; over $100,000 and not exceeding $300,000, $20; over $300,000, $25. This fee is payable in addition to the annual franchise tax or other taxes imposed upon the corporation. Failure to pay such fee for two years and ninety days operates as revocation of the charter of the corporation (Act of 1903, pp. 180, 182); Cons., 1902, sec. 157).

27. **Foreign Corporations.** — The Constitution of 1902, sec. 163, provides that no foreign corporation shall be authorized to carry on in the State any kind of business which domestic corporations are prohibited from doing, or be relieved from compliance with any of the requirements of similar domestic corporations by the Constitution and laws of the State where the same can be made applicable to such foreign corporations without discriminating against it. Every incorporated company doing business in this State shall have an office in the State, at which all claims against the company due residents of the State may be audited, settled, and paid. Every such company incorporated under a jurisdiction beyond the limits of the State (and hereinafter designated as a foreign corporation) shall, before doing business in this State, present to the State Corporation Commission (*a*) a written power of attorney executed in duplicate, appointing some person residing in this State its agent upon whom all legal process against the corporation may be served, and who shall be authorized to enter an appearance in its behalf; (*b*) two duly authenticated copies of the charter of the corporation; and (*c*) a certificate of the Auditor of Public Accounts, showing the payment into the treasury of the fee required by law to be paid by such

corporation, and shall obtain from said Corporation Commission a license to transact business in the State. If it shall be made to appear to the State Corporation Commission that said corporation has complied with the law relative to the licensing of a foreign corporation of the character of the applicant corporation, then said Corporation Commission shall issue to said corporation a license to transact business in the State. Certain mining and manufacturing corporations are given special power with reference to the acquisition of real estate, subject to the limitation that they shall not be allowed to acquire and hold save in Tazwell, Russell, and Buchanan counties more than ten thousand acres of land in any one county (sec. 1103 b). Under the Constitution foreign corporations may be taxed the same as domestic corporations (Cons., 1902, sec. 163). Under Laws of 1902–3–4, chap. 148, sec. 38, they pay the same fee upon commencing to do business as is imposed upon domestic corporations at the time of organization. In the case of the foreign corporation, this fee is based upon the amount of their property located within the State. Foreign corporations are also subject to payment of the annual registration tax, but not to the annual franchise tax (Cons., 1902, chap. 157; Code of 1904, secs. 1104, 1105; see also Laws of 1903, chap. 242). Foreign corporations are also required to make the same reports as are required in the case of domestic corporations (secs. 1105 e, 39; Cons., 1902, secs. 157, 163; secs. 1103 b, 1104, 1105, 1105 a).

Slaughter *v.* Commonwealth, 13 Grat. 767; Nickels *v.* P. B. L. & S. Ass'n, 93 Va. 380; 25 S. E. 8; Goldsberry *v.* Carter, 100 Va. 438; 41 S. E. 858; American Surety Co. *v.* Commonwealth, 102 Va. 841; 47 S. E. 994.

WASHINGTON.

(The references below are to Ballinger's Code and Statutes of Washington (1897), unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Washington is to be found in Ballinger's Code, secs. 4250–4302, and acts amendatory thereof. Parties may incorporate thereunder for manufacturing, mining, milling, wharfing, and docking, mechanical, banking, mercantile, improvement, and building purposes, or for the building, equipping, and managing water flumes for the transportation of wood and lumber, or for the purpose of building, equipping, and running railroads, or constructing canals or irrigation canals, or engaging in any other species of trade or business. (See Laws of 1903, chap. 84; Laws of 1905, chap. 11.)

2. **Incorporators.** — Two or more persons. There are no residential requirements (sec. 4251; Laws of 1905, chap. 11).

Hastings *v.* Company, 29 Wash. 224; 69 Pac. 776.

3. **Contents of the Articles of Incorporation.** — The articles of incorporation must set forth:

a. Name. — No name can be used similar to that of an existing domestic corporation or of any foreign corporation that has obtained a permit to do business within the State (sec. 4251; Laws of 1903, chap. 84; Laws of 1905, chap. 11).

b. Purposes. — The objects for which the corporation is formed must be stated. The law expressly authorizes incorporation for one or more purposes (Laws of 1905, chap. 11).

c. Capital Stock. — The amount of capital stock, which may be any amount (Laws of 1905, chap. 11).

d. Duration. — The time of existence, not to exceed fifty years (Laws of 1905, chap. 11).

e. Number of Shares. — Number of shares into which the capital stock is to be divided (Laws of 1905, chap. 11).

f. Trustees. — The number of trustees and the names of those who shall manage the concerns of the company for such length of time (not less than two nor more than six months) as may be designated in the articles (Laws of 1905, chap. 11).

g. Domicile. — Name of the locality and county in which the principal place of business of the company is to be located (Laws of 1905, chap. 11).

4. **Statutory Powers.** — In addition to the statutory enumeration of common law powers, the statute confers the following additional powers: The right to vote by proxy, to remove trustees, to forfeit stock for non-payment of assessment, and giving stockholders in mining companies the right to inspect property (secs. 4253, 4255, 4262; Laws of 1901, chap. 120); to subscribe for, acquire by purchase or otherwise, shares of stock of other corporations (Laws of 1905, chap. 27).

Parsons *v.* Company, 25 Wash. 492; 65 Pac. 765; Barto *v.* Nix, 15 Wash. 563; 46 Pac. 1033; Pitcher *v.* Company (Wash.), 81 Pac. 1047.

5. **Procuring the Charter.** — The incorporators must subscribe and acknowledge before an officer authorized to take acknowledgments the articles

of incorporation in triplicate. One of these must be filed in the office of the Secretary of State and another with the county auditor of the county in which the principal place of business of the company is intended to be located. A third copy should be retained by the incorporators (sec. 4251; Laws of 1905, chap. 11).

6. **Corporate Indebtedness.** — There is no limitation upon the amount of corporate indebtedness which a corporation may incur. (See, however, sec. 4266.)

7. **Organization Tax.** — Every corporation having a capital stock divided into shares shall pay to the Secretary of State upon filing its articles of incorporation a filing fee of $25 (Laws of 1907, chap. 140).

8. **Filing and Recording Fees.** — To the Secretary of State for filing and recording articles of incorporation, including issuance of certificate of incorporation, $25; for filing and recording amendatory or supplemental articles of incorporation, including issuance of certificate, $10; for filing and recording certificate of increase or decrease of capital stock, including issuance of certificate, $5; for recording any of the foregoing documents in excess of twenty folios, and for all such excess per folio, 15 cents; for copy of articles of incorporation duly certified under the seal of the State, $5; for filing and recording in local county office the fee generally averages about $3 (secs. 4285, 4287, 4288). The act provides that there shall be no charge for recording certificate of incorporation or making certified copy of the same other than those already mentioned, unless the same shall exceed twenty folios, in which case there shall be a further charge of 15 cents per folio for all such excess (Laws of 1907, chap. 140). For filing certificate of appointment of agent by a foreign corporation, $5; for certifying to the printed compilation of the corporation laws of the State, $5 (Laws of 1907, chap. 140).

9. **Commencing Business.** — Before commencing business and within thirty days after it shall have filed its certificate of incorporation with the county auditor of the county in which it has its principal place of business, the corporation must file with the latter a statement sworn to by its president and attested by its secretary and sealed with its corporate seal, containing a list of all its officers and names and addresses and terms of office for which they have been chosen (secs. 4259, 4260). Except in the case of mining corporations, all the capital stock must be subscribed before business can be commenced (sec. 4266).

City of Spokane *v.* Trustees, 22 Wash. 172; 60 Pac. 141.

10. **Organization Meeting.** — The organization meeting must be held within thirty days after the certificate of incorporation is filed with the county auditor as required by law. The meeting must be held within the State, and statutory provision is made for calling the same (secs. 4255, 4258, 4260. The first meeting of the trustees shall be called by a notice, signed by one or more persons named as trustees in the certificate, setting forth the time and place of meeting, which notice shall be delivered personally to each trustee or published at least twenty days in some newspaper in the county wherein the corporation's principal place of business is located (sec. 4258).

11. **Meetings of Stockholders and Trustees.** — Meetings of stockholders must be held at the principal office within the State. Meetings of the board of trustees or directors may be held at such place or places within or without the State as may be designated in the articles of incorporation or the by-laws. In

case the meetings of the board of trustees or directors of a corporation shall be held outside of the State, either the original or full and complete copies or duplicates of all proceedings had at said meeting or meetings, certified by the secretary under the corporate seal, shall be sent to and kept at the principal office or place of business of the corporation in this State, and shall be part of the records of the corporation in this State (Laws of 1907, chap. 607).

12. **Trustees' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least two trustees who must be stockholders and one of whom shall be a resident of the State of Washington, and a majority of them citizens of the United States, and must take and subscribe to an oath of office (sec. 4255).

O. & B. F. C. M. & M. Co. *v.* Conlan (Wash.), 75 Pac. 798.

b. Liabilities. — All trustees not formally dissenting to the declaration of illegal dividends or to the unlawful withdrawal of any part of the capital stock are jointly and severally liable to the corporation and to the creditors to the full amount so divided or reduced or paid out (sec. 4265; see also Laws of 1903, chap. 93). They are also liable for making fraudulent reports, prospecti, etc. (Laws of 1903, p. 141).

13. **Stockholders' Liabilities.** — Stockholders are only liable to the extent of their unpaid stock subscriptions (sec. 4262; Cons., Art. XII. sec. 4).

14. **Stock Certificates.** — Stock certificates must be signed by such officers as the by-laws prescribe.

15. **Preferred Stock.** — The act does not expressly authorize the issuance of preferred stock.

16. **Payment of Capital Stock.** — Stock must be paid for in money or money's worth. Special provision is, however, made in the case of mining corporations. Where the amount of capital stock of such corporations consists of the aggregate valuation of the whole number of feet, shares, or interest in any mining claim within the State, no material subscription to the capital stock is necessary, but each owner thereof shall be deemed to have subscribed such an amount to the capital stock of the corporation as in its by-laws shall represent the value of so much of his interest in said mining claims or legal title to which he may by deed or other instrument vest in the corporation for mining purposes (sec. 4280; Cons., Art. XII. sec. 6).

Dunlap *v.* Rauch, 24 Wash. 620; 64 Pac. 807; Krisch *v.* Company (Wash.), 81 Pac. 855.

17. **Books.** — Stock transfer books must be kept at all times at the principal office of the corporation in the State (sec. 4269). These are open to the inspection of stockholders.

State *v.* Company, 21 Wash. 451; 58 Pac. 584.

18. **Office and Agent.** — Every corporation must maintain an office within the State and an agent thereat to receive service of process (sec. 4251).

19. **Reports.** — Before the second Tuesday in January incorporators must file with the auditor of the county where business is located a statement showing names and addresses and titles of company's officers and terms of office, and also, within thirty days of date of incorporating, must file a similar report. No penalty, however, is provided for failure to comply therewith, and the provision is generally disregarded (secs. 4259, 4260; see also Laws of 1905, chap. 115).

20. **Anti-Trust Statute.** — There is no anti-trust statute in force in this State. The Constitution, however, prohibits combinations to fix the price or limit the production of commodities (Cons., Art. XII. sec. 22).

21. **Statutory Grounds for Forfeiture of Charter.** — The provisions of law as to the bringing of information in the nature of *quo warranto* against corporations will be found in Ballinger's Codes and Statutes (secs. 5189, 5190). The Secretary of State is authorized to strike from the records of his office the names of all corporations which have neglected for a period of two years to pay their annual license fee, and any corporation thereafter organized may take, and shall have the exclusive right to use, the corporate name of any corporation so stricken from the records (Laws of 1907, chap. 120).

22. **Annual Franchise Tax.** — On or before July 1st of each year every corporation must pay an annual license tax of $15. For failure to pay the annual license fee on or before the 1st day of July and prior to the 1st day of January next following, a fine of $2.50 is imposed (Laws of 1907, chap. 140).

23. **Amendments.** — Amendments for any purpose may be made by a majority vote of the trustees and the vote or written assent of two-thirds of the capital stock of the corporation. If the written assent of two-thirds of the capital stock has not been obtained, the vote of said stock may then be taken at any regular meeting called for that purpose in the manner provided in the by-laws for special meetings of stockholders. The president and secretary of the said corporation shall certify such amendments in triplicate under the seal of said corporation to be correct, and file a copy of the same as in the case of the original articles. The time of existence of such corporation shall not be extended by amendment beyond the time fixed in the original articles of incorporation (Laws of 1905, chap. 11).

Whenever a corporation shall execute and file in the office of the Secretary of State and in the office of the county auditor of the proper county supplemental articles of incorporation changing its corporate name, such corporation shall file in the office of such county auditor at the time of filing such supplemental articles, or within ten days thereafter, a written notice signed by the president, vice-president, or secretary, setting forth its original corporate name, its corporate name as changed, and stating that supplemental articles making such change of name have been filed in the office of the Secretary of State and in the office of the county auditor of the county (Laws of 1905, chap. 109).

Whenever it is desired to increase or diminish the amount of capital stock, a meeting of the stockholders shall be called by a notice signed by at least a majority of the trustees, and published at least eight weeks in some newspaper published in the county where the principal place of business of the company is located, or if no newspaper is published in the county, then the nearest thereto in that State, which notice shall specify the object of the meeting, the time and place where it is to be held, and the amount to which it is proposed to increase or diminish the capital, and a vote of two-thirds of all the shares of the stock shall be necessary to increase or diminish the amount of the capital stock (sec. 4272).

If at a meeting so called a sufficient number of votes have been given in favor of increasing or diminishing the amount of capital, a certificate of the proceedings showing compliance with these provisions, the amount of capital actually paid in, the whole amount of debts and liabilities of the company and the amount to which the capital is to be increased or diminished, shall be made out, and signed and verified by the affidavit of the chairman and secretary of the meeting, certified by a majority of the trustees, and filed in the same manner as is required in the case of original articles, and when so filed the capital

stock of the corporation shall be increased or diminished to the amount specified in the certificate (sec. 4273).

Any corporation desiring at any time to remove its principal place of business into some other county in the State shall file in the office of the county auditor a certified copy of its certificate of incorporation. If it is desired to remove its principal place of business to some other city, town, or locality within the same county, publication shall be made of such removal at least once in each week for four weeks in the newspaper published nearest to the city, town, or locality from which the principal place of business of such corporation is desired to be removed. The formation or corporate acts of any corporation hereafter formed under this chapter shall not be rendered invalid by reason of the fact that its principal place of business may not have been designated in the certificate of incorporation: Provided that within three months from the passage of this chapter such corporation shall cause publication to be made once a week for at least four weeks in a newspaper published nearest the city, town, or locality, and where the principal place of business of such corporation has been located, designating the city, town, or locality and county where its principal place of business shall be located. On compliance with the provisions of the section in the several cases herein mentioned, the principal place of business of any corporation shall be deemed established or removed at or to any designated city, town, or locality and county in the State (sec. 4276).

24. **Extension of Corporate Existence.** — No provision is made for the extension of corporate existence.

25. **Dissolution.** — Corporations may be dissolved on vote of two-thirds of all stockholders upon application to the courts, or by three-fourths vote of all its members it may surrender its corporate powers (sec. 4275).

26. **Foreign Corporations.** — Must file with the Secretary of State certified copy of charter and appointment of resident agent to receive service of process. They are required to pay annually on or before July 1st of each year a license fee of $15 (secs. 4289–4294; Laws of 1907, p. 271).

Whitman Ag. Co. *v.* Strand, 8 Wash. 647; 36 Pac. 682; Edison Co. *v.* Canadian Co., 8 Wash. 370; 36 Pac. 260; Rathbone, etc. Co. *v.* Frost, 9 Wash. 162; 37 Pac. 298; K. G. S. Bank *v.* Laurence, 32 Wash. 572; 73 Pac. 680.

WEST VIRGINIA.

(The references below are to the Code of West Virginia, 1899, chaps. 52–54.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act is to be found in the Code of West Virginia (Laws of 1899, as amended in 1901), chap. 52, secs. 1–24; chap. 53, secs. 1–63; chap. 54, secs. 1–83). For convenience in classification for prescribing and assessing license tax on charters or certificates of incorporation, corporations are divided into two classes, domestic and foreign. A domestic corporation is (*a*) one incorporated by or under the laws of this State, or (*b*) under the laws of the State of Virginia before June 20, 1863, and which has its principal place of business and chief works (if it have chief works) in this State. Every other corporation is a foreign corporation. Domestic corporations are subdivided into two classes, resident and non-resident. A resident corporation is a domestic corporation whose principal place of business or chief works (if it have chief works) are located within this State, and a non-resident corporation is a domestic corporation whose principal place of business or chief works are located without this State. The words "chief works" as used in the act include shops, factories, mines, manufacturing plants, or any building or other place where mechanics, artisans, or laborers are employed. No corporation can be incorporated for the sole purpose of purchasing real estate in order to sell the same for profit (Code 52 : 3, as amended by Laws of 1901, chap. 35, and Laws of 1903, chap. 3).

2. **Incorporators.** — Five or more persons. There are no residential requirements (Code 54 : 6).

Crumlish Admr. *v.* Ry. Co., 40 W. Va. 627; 22 S. E. 90; Greenbrier Ind. Exposition *v.* Rodes, 37 W. Va. 738; 17 S. E. 305.

3. **Contents of the Agreement of Incorporation.** — The agreement of incorporation must contain:

a. Name. — Similarity of corporate names forbidden (Code 54 : 6, sub. 1; see also Code 53 : 11; Laws of 1903, chap. 3, sec. 3).

b. Domicile. — Location of its principal place of business and its chief works (Code 54 : 6, sub. 2). The principal office need not be within the State. (See Code 53 : 46.)

c. Purposes. — Objects for which the corporation is formed. Any number of purposes may be inserted (Code 54 : 6, sub. 3).

d. Capital Stock. — Amount of total authorized capital stock, number of shares and par value thereof, and the amount of the same paid in. If preferred stock is desired, the terms on which the same is issued must be set forth (Code 54 : 6, sub. 4; see also Code 53 : 17, as amended by Laws of 1901, chap. 35). Capitalization and par value of shares may be any amount (Code 53 : 15).

e. Stock Subscriptions by Incorporators. — Names and post-office addresses of the incorporators and the number of shares subscribed for by each (Code 54 : 6, sub. 5). There must be at least five *bona fide* stockholders who are required to pay in ten per cent of their subscriptions forthwith (Code 53 : 17, 25).

f. Duration. — Period of corporate existence not to exceed fifty years (Code 54 : 6, sub. 6; see also Code 54 : 11, as amended by Laws of 1901, chap. 35).

g. Provisions for Regulation of Corporate Affairs. — Any provisions desired may be inserted for the regulation of the business and for the conduct of the affairs of the corporation, or defining, limiting, or regulating the powers of the corporation, the stockholders, and directors (Code 54 : 6, sub. 7).

h. If the corporation desires to hold more than ten thousand acres of land in West Virginia, the agreement must set forth the maximum number of acres it desires to hold (Code 54 : 6). Every corporation, including railroad and all other corporations holding more than ten thousand acres of land in this State, shall pay a tax of five cents per acre for each acre in excess of ten thousand acres. Corporations heretofore incorporated and foreign corporations heretofore authorized to hold property and transact business in this State, which are liable to pay such tax and have not paid the same, shall pay the same to the Secretary of State before August 1, 1905. Such corporations shall, under the hand of the president and seal of the corporation, and attested by the secretary, apply to the Secretary of State for a certificate authorizing the holding of the number of acres stated in such application, and pay the tax thereon, and it shall be the duty of the Secretary of State to issue to such corporation a certificate stating the amount of tax paid and number of acres on which paid, and the number of acres the corporation is thereby entitled to hold. Hereafter a domestic corporation shall state in its agreement for incorporation, and a foreign corporation shall state in its application for authority to hold property and transact business in this State, the number of acres it desires to hold and pay the tax thereon to the Secretary of State before the certificate of incorporation or of authority is issued. If any corporation desires to increase the number of acres it may hold, it shall make application therefor to the Secretary of State. Such application shall be signed by the president of the corporation, sealed with its corporate seal and attested by the secretary, and it shall state the number of acres it then holds and the number of acres it desires to hold. The Secretary of State shall collect the proper amount of tax, and shall issue to the corporation a certificate, reciting the number of acres the corporation may hold and the amount of tax paid to him. If any corporation shall fail to comply with the provisions of this section, it shall be liable to a fine of not less than $25 and not exceeding $500, and be liable to pay such tax due to the State with a penalty of ten per cent on the total amount due, and be liable to all the provisions of secs. 136 and 137 so far as they are applicable. All moneys received by the Secretary of State under the provisions of this section he shall report to the auditor and pay into the State treasury in the manner prescribed for the payment of other moneys received by him.

4. **Statutory Powers.** — In addition to a statutory enumeration of the common law powers of corporations (Code, chap. 52, sec. 1), the following additional powers are granted: To subscribe, with the consent of the stockholders, for the stock of other corporations; to vote by proxy; to transact business in other States and countries; to hold its organization, stockholders', and directors' meetings outside of the State; to purchase its own stock; to transfer all its assets; to issue its stock for property or services; may have an office, own property, and carry out the corporate purposes without the State; cumulative voting in the election of directors is mandatory; to appoint an executive committee from the board of directors; to forfeit stock for nonpayment of assessments; to remove directors, and to issue preferred stock and bonds (Code 52 : 1; 52 : 3; 53 : 3; 54 : 6; 54 : 23; 53 : 18; 54 : 83, as amended

by Laws of 1901, chap. 35; 53:24; 53:42; 53:44; 53:53; 53:16; 54:82c, sub. 11).

Cross *v.* Ry. Co., 35 W. Va. 174; 12 S. E. 1071; Rece *v.* Company, 32 W. Va. 104; 9 S. E. 212; P. L. R. Co. *v.* Board of Education, 20 W. Va. 360; Smith *v.* Cornelius, 41 W. Va. 59; 23 S. E. 599.

5. **Procuring the Charter.** — The agreement of incorporation must be signed and acknowledged by each of the five incorporators. Each incorporator must be a subscriber for at least one share of stock. Two of the incorporators must give their affidavit that the amount stated therein to have been paid on the capital stock has been in good faith paid in for the purposes of the business of the intended corporation and with no intention or understanding that the same shall be withdrawn. When application is made to the Secretary of State for a certificate of incorporation for a resident corporation, two of the incorporators must make affidavit to the following effect that the statement made in such certificate, to wit, "That said corporation shall keep its principal place of business at in the county of and State of West Virginia," is true, and that said principal place of business and chief works have been so located in good faith, and not for the purpose of evading any law of the State of West Virginia, etc. Within three months after filing the agreement of incorporation in the office of the Secretary of State, a certified copy thereof must be recorded in the office of the clerk of the county in which the principal office is located, if within West Virginia; or if the principal office is located out of the State, then such certified copy must be filed in the office of the clerk of the county in which the statutory attorney resides (chap. 54, sec. 20; Laws of 1901, chap. 35; Laws of 1905, chap. 36, sec. 127).

Greenbrier Ind. Exposition *v.* Rodes, 37 W. Va. 738; 17 S. E. 305; Singer Mfg. Co. *v.* Bennett, 28 W. Va. 16.

6. **Corporate Indebtedness.** — There is no statutory limitation upon the amount of indebtedness which the corporation may incur.

7. **Organization Tax.** — The organization tax is in fact the first year's annual tax. The statute distinguishes between resident corporations and non-resident corporations in the matter of organization taxes. Resident corporations are those whose principal place of business and chief works are located outside of West Virginia. For both classes of corporations the license year begins July 1st. On every certificate issued after September 30th of any year the State collects only one-tenth of the amount of the annual tax for each month or fractional part of a month to ensue before the first day of the next license tax year, which commences on July 1st of each year. But in no case shall the amount assessed and collected be less than $5 for a resident corporation, nor less than $10 for a non-resident corporation. If the certificate of incorporation be issued on or after the 1st day of May in any one year, and before the 1st day of July of any year, the Secretary of State shall assess and collect the tax for the full year beginning on said July 1st in addition to the annual tax for the current year (Acts of 1907, Extra Session, chap. 16).

For resident corporations the annual license tax is as follows: $5,000 or less, $10; more than $5,000 and not more than $10,000, $15; more than $10,000 and not more than $25,000, $20; more than $25,000 and not more than $50,000, $25; more than $50,000 and not more than $75,000, $30; more than $75,000 and not more than $100,000, $35; more than $100,000 and not more than $125,000, $40; more than $125,000 and not more than $150,000, $45; more than $150,000 and not more than $175,000, $50; more than $175,000 and not

more than $200,000, $55; more than $200,000 and not more than $300,000, $70; more than $300.000 and not more than $400,000, $85; more than $400,000 and not more than $500,000, $100; more than $500,000 and not more than $1,000,000, $150; $1,000,000 $150, and $40 on each $1,000,000 or fraction thereof in excess of $1,000,000 (Laws of 1905, chap. 36. sec. 126).

For non-resident corporations the annual license tax is as follows: $10,000 or less, $15; more than $10,000 and not more than $25,000, $20; more than $25,000 and not more than $50,000, $30; if more than $50,000 and not more than $75,000, $40; if more than $75,000 and not more than $100,000, $50; if more than $100,000 and not more than $1,000,000, $50, and an additional 25 cents on each $1,000 or fraction thereof in excess of $100,000; if more than $1,000,000 and not more than $2,000,000, $275, and an additional 20 cents on each and every $1,000 or fraction thereof in excess of $1,000,000; if more than $2,000,000 and not more than $4,000,000, $475, and an additional 10 cents on each and every $1,000 or fraction thereof in excess of $2,000,000; if more than $4,000,000, $675, and an additional $50 on each and every $1,000,000 or fraction thereof in excess of $4,000,000 (Laws of 1905, chap. 36, sec. 128). Non-resident domestic corporations must, at the time of taking out their charter, pay to the State Auditor, as their attorney in fact, upon whom service of process may be made (see *post*, sec. 9), $10 for his services as such for the then current year ending on the 30th day of April next ensuing; and on or before the 1st day of May of each year thereafter such corporation shall pay to the State Auditor the like sum of $10 for his services as such attorney (Laws of 1907, Special Session, chap. 9).

8. **Filing and Recording Fees.** — To the Secretary of State for certificate of incorporation or copy thereof, $10; for each certified copy of certificate of incorporation, $10; for each certificate of change of name, or increase or decrease of authorized capital stock, or change of principal office, or amendment to certificate of incorporation, $5; for recording power of attorney, $3; for endorsing and filing reports of corporations, $1 each (Laws of 1904, chap. 13). Filing and recording fees in local county office average about $2.50.

9. **Commencing Business.** — The corporation must hold its organization meeting within six months after the issuance of the certificate of incorporation. Every domestic corporation shall within thirty days after its first election of officers, by power of attorney duly executed, appoint some person residing in the county in this State wherein its business is conducted to accept service on behalf of said corporation and upon whom service may be had of any process or notice; such power of attorney to be recorded in the office of the county clerk of the county in which the attorney resides, and filed and recorded in the office of the Secretary of State. Any corporation failing to comply with such requirement within twelve months from the date of incorporation shall thereby forfeit its charter (Acts of 1907, Extra Session, chap. 10). Within ninety days after incorporation non-resident domestic corporations must, by power of attorney, duly executed and acknowledged and filed in the Auditor's office of the State, appoint the said Auditor and his successors in office their attorney in fact to accept service of process and notice in the State for such corporation, and by the same instrument they must declare their consent that service of any process or notice in the State upon said attorney in fact, or his acceptance thereof endorsed thereon, shall be equivalent for all purposes, and shall be and constitute due and legal service upon said corporation. The post-office address of all non-resident domestic corporations must be filed with the power of at-

torney. Non-resident domestic corporations may, if they choose, however, designate, in addition to the State Auditor, other persons within the State as their attorney in fact upon whom service of process may be made (Laws of 1905, Senate Bill No. 77, passed February 22, 1905). Business must be commenced within one year after incorporation (Laws of 1901, chap. 35).

Bank *v.* Lumber Co., 32 W. Va. 357; 9 S. E. 243; Richardson *v.* Graham, 45 W. Va. 134; 30 S. E. 92.

10. **Organization Meeting.** — May be held within or without the State (Code 54 : 15, 23).

11. **Meetings of Stockholders and Directors.** — If the by-laws so provide, any stockholders' or directors' meetings may be held without the State. Otherwise they must be held within the State (Code 54 : 23; see also Code 53 : 51, as amended by Laws of 1901, chap. 35).

Reilly *v.* Oglebay, 25 W. Va. 36; R. S. & G. Ry. Co. *v.* Woodyard, 46 W. Va. 558; 33 S. E. 285.

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — There must be at least five directors, unless the by-laws otherwise prescribe. Unless otherwise provided by the by-laws, directors must be stockholders and residents of the State (Code 53 : 49).

Donnally *v.* Hearndon, 41 W. Va. 519; 23 S. E. 646; Darrah *v.* Company, 50 W. Va. 417; 40 S. E. 373.

b. Liabilities. — Assenting directors are jointly and severally liable to creditors for the illegal declaration of dividends, to the extent of the capital illegally withdrawn in this manner (Code 53 : 40).

Zenn *v.* Mendel, 9 W. Va. 580; Smith *v.* Cornelius, 41 W. Va. 59; 23 S. E. 599; Liner *v.* Company, 44 W. Va. 175; 28 S. E. 730; Kyle *v.* Wagner, 45 W. Va. 349; 32 S. E. 213.

13. **Stockholders' Liabilities.** — Stockholders are liable to creditors to the amount of their unpaid stock subscriptions. They are also liable to creditors to the extent of any illegal dividends received by them (Cons., Art. 11. sec. 2; Code 53 : 22, 40).

W. E. R. E. Co. *v.* Nash, 51 W. Va. 341; 41 S. E. 182.

14. **Stock Certificates.** — Must be signed by the president or vice-president and such other officers, if any, as the board of directors may direct. The certificates must show the amount paid on each share (Code 53 : 35, as amended by Laws of 1901, chap. 35).

15. **Preferred Stock.** — The act specially provides that preferred stock may be issued either by providing for it in the certificate of incorporation, or by resolution adopted at a general meeting of the corporation (Code 53 : 61; Code 54 : 6, as amended by Laws of 1901, chap. 35).

16. **Payment of Capital Stock.** — The statute provides that at least ten per cent of the par value of each share shall be paid at the time of such subscription, and the residue as required by the board of directors or the commissioners having control of the subscription. Stock in corporations other than mining and manufacturing shall not be sold or disposed of at less than par, except by a vote of three-fourths of all the stock of the corporation outstanding after the advertisement of such intention. But mining or manufacturing corporations may issue stocks or bonds, and negotiate the sale of the same, in payment for real and personal property, at such price and upon such terms and conditions as may be agreed upon by the owners and the directors or stockholders. All stock so issued shall be fully paid and not liable for any further call or assessment, and in absence of actual fraud in the transaction

the valuation placed by the directors upon the property so purchased shall be conclusive (Code 53 : 25, 52 : 24, as amended by Laws of 1901, chap. 35).

Richardson *v.* Graham, 45 W. Va. 134; 30 S. E. 92.

17. **Books.** — No books are required to be kept in the State. (See Code 53 : 47, 54.)

Lipscombs Adm'r *v.* Condon (W. Va.), 49 S. E. 392.

18. **Office and Agent.** — Every non-resident corporation must, within ninety days after its organization, execute a power of attorney appointing the State Auditor as its statutory attorney. This power of attorney must be filed in the office of the State Auditor (Laws of 1905, Senate Bill No. 77, passed February 22, 1905). All domestic corporations must appoint a resident attorney on whom process against the corporation may be served (Laws of 1907, Extra Session, chap. 10).

19. **Reports.** — The board of directors must make an annual report to the stockholders of the condition of the corporation. They must also, within ninety days after the first election, and after every annual meeting thereafter, make a report giving the names and post-office addresses of the president and secretary, and post-office address of the principal office of the corporation. A penalty is provided for not making this report (Code, chap. 53, sec. 46, as amended by laws of 1901, chap. 35). All corporations having their principal office or place of business in West Virginia must annually, between the first day of the assessment year and the 1st day of May, make a written report verified by the oath of the president or chief managing officer to the assessor of the county in which its principal office or chief place of business is situated, showing the following items: (*a*) The amount of authorized capital to be employed by it; (*b*) the amount of cash actually paid on each share of stock; (*c*) the amount of money on hand or on deposit anywhere subject to its check or draft on the first day of the assessment year; (*d*) the amount of credits and investments other than its own capital stock held by it on said day, with their true and actual value; (*e*) the quantity, location, and true and actual value of all of its real estate and the magisterial district or districts in which it is located; (*f*) the kinds, quantity, and true and actual value of all tangible property in each magisterial district in which it is located; and in case such company desires to have its indebtedness deducted from its money, credits, investments as hereinbefore provided, it shall also include in such report (*g*) an itemized statement such as is provided for in sec. 67 of this chapter, and all of the provisions of said sec. 67 shall apply to such statement so far as they are applicable, — which statement shall be verified by the oath of the president or chief accounting officer of such company substantially in the form required for individuals under sec. 67 (Acts of 1907, chap. 80, secs. 77, 78).

20. **Anti-Trust Statute.** — There is no anti-trust statute in force in West Virginia.

21. **Annual License Tax.** — Is the same in amount as the organization tax already set forth. The State Auditor, between the 15th day of April and the 15th day of May, must notify every corporation liable to the annual license tax of the time of payment of such tax and the amount thereof. The tax must be paid on or before the 30th day of June of each year. At the time of making the payment to the Auditor every domestic corporation shall deliver to him a statement which shall show the name of the corporation, the date of its charter, the name and post-office address of its attorney of record in the State, the names

and post-office addresses of its president, secretary, and treasurer, the amount of its authorized capital stock, the number of acres of land it holds in the State if the number exceeds ten thousand acres, and such other facts as the Auditor may require. Such statement shall be signed by the president, secretary, or treasurer of the corporation. The amount of such tax shall be deemed a preferred debt due the State, and shall be a lien on all property and assets of the corporation prior to all other liens except the lien of the taxes levied on its property for State, district, or county purposes (Acts of 1907, Extra Session, chap. 16). If the tax is not paid on or before August 1st of each year, the Auditor publishes a list of delinquent corporations. Any delinquent corporation may, on or before the 1st day of November following, or at any time before judgment or decree is entered, pay the amount of such taxes, and a penalty of one per cent for each month or fractional part thereof that such failure has continued, but the amount thereof shall not be less than $5. Between the 1st day of February and the 1st day of December the Auditor shall certify to the governor and Secretary of State a list of all delinquent corporations (Acts of 1907, Extra Session, chap. 16. As to amount of annual license taxes see *ante*, sec. 7).

22. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited on the following grounds:

(1) For failing to have five stockholders for a period of six months (Code, chap. 53, sec. 17).

(2) For failure to pay license tax (Code, chap. 32, sec. 90, as amended by Laws of 1901, chap. 35; Laws of 1903, chap. 4; Acts of 1907, chaps. 9, 16, Extra Session).

(3) For suspension of business for two years (Code, chap. 53, sec. 7).

(4) For failure to organize and commence business within one year after incorporation (Code, chap. 53, sec. 6, as amended by Laws of 1901, chap. 35).

(5) For misuse or abuse of charter (Code, chap. 109, secs. 6–12).

(6) Where the certificate has been obtained for a fraudulent purpose, or for a purpose not authorized by law (Code, chap. 109, secs. 6–12).

(7) For failure to appoint resident agent as required by law (Code, chap. 54, sec. 24; Laws of 1905, Senate Bill No. 77; Acts of 1907, chap. 10, Extra Session).

Moore *v.* Schoffert, 22 W. Va. 282; G. L. Co. *v.* Ward, 30 W. Va. 43; 3 S. E. 227.

23. **Amendments.** — Any corporation formed, or which may hereafter be formed, or which has accepted or may accept the provisions of this chapter, may, by a resolution at a general or special meeting of the stockholders thereof, change the place of its principal office, or make such reduction or increase in the number of shares of its capital stock, or the par value of each share, as may be decided upon by said stockholders, a majority of the stock of such company being represented by the holders thereof at such meeting in person or by proxy and voting therefor; provided that notice be given by advertisement published at least two weeks before such action in some newspaper of general circulation printed in the county wherein the principal office of such corporation is located, if such office be within the State; and if such office be not in this State, then in some newspaper printed at the capital of this State, of the intention to offer such resolution; and provided, further, that such resolution may be adopted without such notice being published, if the meeting at which it is adopted be assented to in writing by all of the stockholders of the company at the time or before the meeting is held. Any corporation here-

tofore incorporated, or that may be incorporated before this act takes effect (that is, before February 18, 1901), may reduce its authorized capital stock in the manner prescribed in this act. If such application be made to the Secretary of State before January 1, 1903, he shall charge no fee whatever for such certificate, or for any work in connection therewith or relating thereto provided in this act, nor shall he collect a tax for the State seal thereon (Code 54: 21, amended 1901, Act 35).

When such change of principal office or increase or reduction shall have been made by any such corporation, the president thereof shall, under his signature and the seal of the corporation, certify the resolution to the Secretary of State; and the Secretary of State, under his hand and the great seal of the State, shall issue to the corporation so making such change of principal office or increase or reduction, a certificate reciting the resolution and declaring the proposed change of principal office or increase or reduction to be authorized by law, which certificate shall be received in all courts and places as evidence of the change in the number or par value of the shares of the capital stock of such corporation, and of the authority to increase or reduce the same, or of such change of said principal office (Code 54: 22, as amended by 1901, Acts 35). A corporation at any time, when it accepts the provisions of this chapter, may change the par value of its shares, as the stockholders thereof in general meeting, or the board of directors under the authority given them by the stockholders, may determine; in which case the statement to be filed as aforesaid with the Secretary of State shall show the proposed change, and the same shall have effect from the date of the certificate of incorporation (Code 54: 13).

If the stockholders of a joint company desire to change the name thereof, they may do so in the same manner that they may increase or reduce the number of shares of the capital stock, and, after doing so, such resolution changing such name, certified under the common seal and signature of the president of the corporation, shall be delivered to the Secretary of State, who shall issue his certificate under seal reciting the resolution, and declaring that the corporation is to be thereafter known by the new name so adopted; and such certificate shall be evidence of the change of name therein specified, and the Secretary of State shall keep an index in his office showing the new name and the change from the old name, and the old name showing the change to the new name (Code 53: 12, amended 1901, Act 35).

Any corporation, except railroad companies, may agree to and adopt a new agreement, so as to enlarge or diminish the objects and purposes for which it was incorporated, by signing and acknowledging a new agreement in all respects as the original agreement was signed and acknowledged. Such new agreement must be signed and acknowledged by the holders of a majority of the stock of the corporation, and a resolution showing that such new agreement has been made must be spread upon the minutes of the stockholders' meeting and concurred in by the holders of a majority of the stock. When such new agreement is made, the same and a certified copy of such resolution, under the hand of the president of the corporation and the seal of the corporation, shall be delivered to the Secretary of State, and the Secretary of State shall issue his certificate in the form prescribed in the ninth section of this chapter, so far as the same may be found practicable; and from thence such corporation shall be subject to such new agreement and certificate. And all the provisions of this chapter shall apply to such new certificates and to the corporations

receiving the same, in like manner as to original certificates of incorporation and agreements, except as herein otherwise provided.

L. F. & S. H. R. R. Co. *v.* Company, 25 W. Va. 324.

24. **Extension of Corporate Existence.** — May be extended upon compliance with the statute for an additional period of fifty years (Code 54, sec. 11, as amended by Laws of 1901, chap. 35).

25. **Dissolution.** — A majority of the stockholders may at any time at a meeting resolve to discontinue the corporate business, and may divide the property and assets that may remain after paying the debts and liabilities of the corporation. Before a certificate of dissolution shall issue, all State license taxes must be paid. Not less than one-third in interest of the stockholders of a corporation desiring to wind up its affairs may petition the Court of Chancery in the county in which the principal office or place of business is situated; but if there be no such office or place of business in the State, they may petition the Circuit Court of the county in which the other stockholders or any one or more of them reside, stating the grounds of their application. The charter may also be voluntarily surrendered before organization (Code, chap. 53, sec. 56; chap. 53, secs. 57–59; chap. 53, sec. 6, as amended by Laws of 1901, chap. 35; Laws of 1903, chap. 3, sec. 4).

Weigand *v.* Company, 44 W. Va. 133; 28 S. E. 803; Hurst *v.* Company, 30 W. Va. 158; 3 S. E. 564.

26. **Foreign Corporations.** — Foreign corporations must file in the Secretary of State's office and in the office of the county clerk of the county where the principal office is located, a copy of the charter. It must also file in the latter office a certificate from the Secretary of State showing that it has complied with the laws of the state regulating the transaction of business therein by foreign corporations. It must also file with the Secretary of State a written acceptance of the condition that it will exercise its powers subject to same conditions imposed upon domestic corporations. Foreign corporations must at the time of procuring authority to do business in the State, by power of attorney duly executed and acknowledged and filed in the State Auditor's office, appoint such State Auditor as its attorney in fact upon whom process and notices may be served. At the same time they must pay to the State Auditor $10 for his services as such for the then current year ending on the 30th day of April next ensuing; and on or before the 1st day of May for each year thereafter such corporation shall pay to the State Auditor a like sum of $10 for his services as such attorney. The post-office address of the corporation must be filed at the same time (Laws of 1905, Senate Bill No. 77, passed February 22, 1905; Acts of 1907, Extra Session, chap. 9). If the certificate of authority be issued after the last day of July the Secretary of State shall assess and collect $1 for each month or fractional part thereof to ensue before the 1st day of the next May; and on or before the said 1st day of May in each year the said corporation shall pay to the Auditor a like sum of $10 for his services as such attorney, provided that if the certificate of authority be issued in the month of March or April the Secretary of State shall assess and collect the sum of $1 for each month and shall in addition thereto at the same time assess and collect the full fee of $10 for the year beginning with the 1st day of the ensuing May (Acts of 1907, Extra Session, chap. 9).

Every foreign corporation at the time of its application for the certificate mentioned in sec. 30, chap. 54, of the Code, shall file with the Secretary of

State a report, preliminary to the annual report hereinafter mentioned, which preliminary report shall contain sufficient information upon which to base an assessment of its license tax for the then current year. Before issuing such certificate the Secretary of State shall collect the amount of license tax he finds to be proper for the license tax year ending with the 30th day of June. If the certificate be issued after the 30th day of September and before the 1st day of July of the ensuing year the Secretary of State shall assess and collect such taxes at the rate of one-tenth of the amount of the annual license tax for each month or fractional part of a month to ensue before the said 1st day of the ensuing license tax year. Thereafter on or before the 1st day of the license tax year next following the date of the certificate of authority, and on or before every succeeding first day of the license tax year, the Auditor shall collect such tax for the full year, provided that if the certificate of authority be issued in either the months of May or June of any one year the Secretary of State shall assess and collect the license tax for said months as well as for a full year beginning with the 1st day of July of the ensuing license tax year (Acts of 1907, Extra Session, chap. 16).

Every foreign corporation holding property or doing business in the State shall make a report to the Auditor annually in the month of April of each year, in which report shall be set out:

1. The name of such corporation, the name of the State or country by which incorporated, the date of incorporation, the date of the certificate of the Secretary of State authorizing it to do business in this State, the place of its principal office, the names and post-office addresses of its president, secretary, and of its officer (if any) charged with the duty of making returns of its property for taxation, and the name and post-office address of its attorney of record in this State.

2. The number of shares of its authorized capital stock and the par value of each share.

3. The value of the property owned and used by such corporation within the State, where situate, of what it consists, and the number of acres of land it holds in this State, and the value of its property owned and used without this State; and

4. The proportion of its capital stock which is represented by property owned and used in the State of West Virginia, which report shall be verified by the affidavit of the president, secretary, or other executive officer of such corporation. It shall be the duty of the Auditor to assess and fix the license tax according to the proportion of the capital stock which is represented by the property owned and used in this State, according to the rates prescribed in sec. 126 of this chapter, if the assessed value of its property located in this State amounts to $5,000; but if the assessed value of such property be less than $5,000, the assessment shall be according to the rates prescribed in sec. 128 of this chapter; provided that no such corporation shall pay an annual license tax of less than $100. The Auditor may in any case require such additional information as he may deem necessary to enable him to assess and fix the just amount of license tax of such corporation; and it shall be his duty to notify every such corporation of the amount so assessed by him; and it shall be the duty of the corporation to pay the same into the treasury of this State within thirty days thereafter, and if it shall fail to do so, it shall be liable to the penalties prescribed in secs. 136 and 137 of this chapter.

If the corporation has property to the amount of $5,000 or over within the

State, it must pay the same annual license tax as is required of domestic corporations. If the amount of its property is not $5,000, it must pay the same annual tax as is required of non-resident domestic corporations (Laws of 1905, chap. 36, secs. 126, 128, 130, 137).

If any foreign corporation desires no longer to hold property and transact business in this State, it may surrender to the State its authority therefor in the following manner: It shall publish once in each week for four successive weeks, in some newspaper of general circulation published in the county in the State where it carries on its business, a notice of its intention to withdraw from the State. After such publication it shall make application to the Secretary of State for a certificate of withdrawal, which application shall be signed by the president of the corporation, sealed with its corporate seal and attested by its secretary, and be accompanied by a copy of the said notice and the publisher's certificate of its publication. The Secretary of State shall file the same in his office and issue to said corporation a certificate of withdrawal, but said certificate of withdrawal shall not be issued unless and until the corporation has paid into the State treasury any amount it may owe as license tax, including all fines, interest, and penalties as provided in sec. 56 of chap. 53 of the Code. The issuance of such certificate of withdrawal shall not relieve the corporation of any debt or obligation due from it to the State or any resident thereof.

Toledo, etc. Co. *v.* Thomas, 33 W. Va. 556; 11 S. E. 37; B. J. Co. *v.* Scherr, 510 W. Va. 533; 40 S. E. 514; Floyd *v.* N. L. & I. Co., 49 W. Va. 327; 38 S. E. 653; Rell *v.* Company, 32 W. Va. 164; 9 S. E. 212; Quesenberry *v.* Association, 44 W. Va. 512; 30 S. E. 73; Childs *v.* Hurd, 32 W. Va. 66; 9 S. E. 362; Thompson *v.* Association (W. Va.), 50 S. E. 756.

WISCONSIN.

(The references are to the Wisconsin Statutes of 1898, unless otherwise stated. They are published in two volumes, and are edited and annotated by Sanborn & Berryman.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act of Wisconsin is found in the Revised Statutes of Wisconsin, 1898, Title XIX. chap. 85, secs. 1748 to 1776. Special acts are provided for banking, insurance, railway construction, and operation companies and plank and turnpike roads.

2. **Incorporators.** — Three or more adult persons. All must be residents of the State (R. S., 1771).

3. **Contents of the Articles of Incorporation.** — The articles of incorporation must contain:

a. Purposes. — Any number of the classes specified (R. S., sec. 1771).

State *ex rel.* Lederer *v.* Company, 88 Wis. 512; 60 N. W. 796.

b. Name. — Similarity of names expressly forbidden. Cannot use the names of individuals in the manner in which they are ordinarily used in co-partnerships (R. S., sec. 1772, sub. 2). The name must be such as to distinguish it from any other corporation organized under the Laws of the State (Laws of 1905, chap. 507). No corporate name shall be held illegal because of the omission of the word "limited" (Laws of 1907, chap. 507).

I. O. of F. *v.* Commissioner, 98 Wis. 94; 73 N. W. 326.

c. Domicile. — The location in some city, village, or town in the State (R. S., sec. 1772, Laws of 1905, chap. 507).

d. Capital Stock. — Amount, number of shares, and par value of same (R. S., sec. 1772). If preferred stock is to be issued, provision therefor should be inserted in this subdivision of the articles (Laws of 1903, chap. 109). The capital stock, number and par value of shares are unlimited as to amount (sec. 1759 as amended by Laws of 1907, chap. 576).

e. Directors and Officers. — Designation of general officers and number of directors. There must be at least three directors, and they may be divided into three classes if desired (R. S., secs. 1772, sub. 4, 1776; Laws of 1905, chap. 507).

f. Duties of Officers. — Principal duties of the several officers respectively (R. S., sec. 1772, sub. 5).

g. Membership. — Method and conditions upon which members shall be accepted, discharged, or expelled (R. S., sec. 1772, sub. 6).

h. Regulation of Corporate Affairs. — Provisions for the interests of the corporation, the accomplishment of the purposes thereof (Laws of 1907, chap. 562).

Ford *v.* Hill, 92 Wis. 188; 66 N. W. 115.

i. Corporate Existence. — Duration may be inserted if desired; otherwise unlimited (Laws of 1905, chap. 507).

j. Organization Meeting. — Time and place for first meeting for election of officers (R. S., sec. 1773).

4. **Statutory Powers.** — In addition to a very full statutory enumeration of the "common law" and "incidental powers" the act provides for the follow-

ing additional powers: A limited power to hold stock in other corporations; to vote by proxy; to issue preferred stock; to acquire the rights, privileges, or franchises conferred upon any person by the law of the State where the same would be in direct aid of the corporation's business; may establish a sinking fund for the payment of corporate debts, classify directors, and hold stock in other corporations; may sell all of its property (R. S., secs. 1748, 1754, 1757, 1759 a, 1760, 1775; Laws of 1899, chaps. 100, 198; Laws of 1903, chap. 12, Laws of 1905, chap. 382); may transact business outside of the State and establish branch offices therein (sec. 1748, Laws of 1905, chap. 507, sec. 5).

N. M. T. S. Co. No. 2 *v.* Bishop, 103 Wis. 492; 79 N. W. 785; Marvin *v.* Anderson, 111 Wis. 387; 87 N. W. 226; Grabiner *v.* Post, 119 Wis. 392; 96 N. W. 783.

5. **Procuring the Charter.** — The articles of association duly signed and acknowledged, or a true copy thereof, verified as such by the affidavits of two of the signers thereof, must be first filed in the office of the Secretary of State. A like verified copy and certificate of the Secretary of State showing the date when the articles were filed and accepted, must within thirty days thereafter be recorded by the register of deeds of the county where the corporation is located. The register of deeds must forthwith transmit to the Secretary of State a certificate stating the time when such copy was recorded, for which he shall receive a fee of twenty-five cents. Upon receipt of such certificate the Secretary of State shall issue a certificate of incorporation (Laws of 1905, chap. 507). The better practice is upon incorporation to have the articles executed as duplicate originals. No corporation shall have a legal existence until such articles have been so left for record. The organization tax must be paid to the Secretary of State at the time the articles are presented to him for filing (R. S., sec. 1773, as amended by chap. 238, Session Laws of 1901). Business cannot be commenced until one-half of the capital stock is subscribed and twenty per cent paid in (R. S., sec. 1773).

Attorney-General *v.* Company, 35 Wis. 425; B. P. Co. *v.* Rose *et al.*, 95 Wis. 145; 70 N. W. 302; Slocum *v.* Head, 105 Wis. 431; 81 N. W. 673.

6. **Corporate Indebtedness.** — Bonds can only be issued for money, labor, or property estimated at its true money value, equal to seventy-five per cent of the par value thereof (R. S., sec. 1753). There is no statutory limitation upon the amount of corporate indebtedness.

7. **Organization Tax.** — For filing articles of beet sugar or dairy companies, $10; for filing articles of companies formed for the purpose of mining, smelting, and owning mines and minerals in the State of Wisconsin, $25, if the capitalization is $25,000 or less, and $1 for each additional $1,000 capitalization up to $150,000; and for all such corporations with a capitalization in excess of $150,000, a fee of $150. For all other business corporations the tax is $25 if the capital stock is $25,000 or less; if in excess of $25,000, there is an additional tax of $1 for each additional thousand dollars of capitalization (R. S., sec. 1772, as amended by chap. 238, Session Laws of 1901; Laws of 1905, chap. 507; Laws of 1907, chap. 562).

Heath *v.* Company, 39 Wis. 146.

8. **Filing and Recording Fees.** — There are no fees for filing articles in the office of the Secretary of State other than the payment of the organization tax. For certified copy of articles of incorporation, the charge is 12 cents per folio, and 25 cents for certificate; for filing amendments, $10; for recording certificate in the local county office, 10 cents per folio of one hundred words.

9. **Commencing Business.** — A corporation cannot transact business except with its members, until one-half of the authorized capital stock is subscribed, and twenty per cent thereof actually paid in (R. S., sec. 1773). Business must be commenced within one year after articles are filed (R. S., sec. 1763). Twenty days after the election of officers it is advisable that a list of the officers elected at the organization meeting, giving their names and addresses, be filed in the office of the Secretary of State (Laws of 1905, sec. 5; see also *post*, sec. 19).

10. **Organization Meeting.** — Must be held within the State. The meeting may be called by any two of the incorporators on ten days' notice in writing given personally or by two weeks' publication, but the notice may be waived if all of the subscribers for stock are present in person or by proxy (R. S., sec. 1773). The meeting cannot be held until one-half of the capital stock has been subscribed (R. S., sec. 1773). Until organization the incorporators have by statute the direction of the affairs of the corporation (Id.).

Heath *v.* Company, 39 Wis. 146.

11. **Meetings of Stockholders and Directors.** — Stockholders' meeting must be held within the State (R. S., sec. 1762). Directors' meetings may be held without the State if the by-laws so provide (R. S., 1776).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.*— There must be at least three directors, all of whom must be stockholders (R. S., sec. 1772, sub. 4, sec. 1776). There are no residential requirements.

b. Liabilities. — Directors are liable for illegal declaration of dividends and for transacting business before one-half of the capital stock is subscribed for, and twenty per cent actually paid in (R. S., secs. 1765, 1773); also for failure to make reports or refusing to allow inspection of books and accounts (Laws of 1905, chap. 347). Directors may avoid liability by entering their dissent in writing in the minutes of the directors' meeting (Laws of 1903, chap. 474).

Gores *v.* Day, 99 Wis. 276; 74 N. W. 787.

13. **Stockholders' Liabilities.** — Stockholders authorizing the transaction of business before half of its authorized capital is subscribed and twenty per cent paid in, are liable for debts of the corporation incurred prior thereto (R. S., secs. 1755, 1756, 1773). They are also personally liable to the amount of the stock held by them for wages due clerks, servants, and laborers, for services performed for a period not exceeding six months in length (R. S., sec. 1769). They are also liable for the debts of the corporation to the extent of their unpaid stock subscriptions (R. S., sec. 1756). They are also liable to existing creditors to the extent of any diminution of capital stock (R. S., sec. 1755; see also Laws of 1901, chap. 129).

Sleeper *v.* Goodwin, 67 Wis. 577; 31 N. W. 335; Clokus *v.* Company, 92 Wis. 325; 66 N. W. 398.

14. **Stock Certificates.** — Certificates are ordinarily signed by the president and secretary (R. S., sec. 1751).

15. **Preferred Stock.** — Any corporation may provide for preferred stock in its original articles of organization or by amendment thereto adopted by the unanimous vote of the stockholders, and may in such original articles or such amendment thereto adopted by unanimous vote of the stockholders, provide for the payment of dividends on such preferred stock out of the profits at a specified rate before dividends are paid on the common stock; for the cumulation of such dividends; for a preference on such preferred stock not, however, exceeding the par value thereof over the common stock in the distribution of

the corporate assets from its profits; for the redemption of such preferred stock and for defining or restricting the voting power of such preferred stock. Neither preferred nor common stock shall bear interest. Certificates of both preferred and common stock shall state on the face thereof all the privileges accorded to and all restrictions imposed upon the preferred stock. No change or amendment in relation to such preferred stock shall be made except by way of amendment to the articles of organization adopted by unanimous vote of the holders of all the outstanding stock, both preferred and common (sec. 1759 a, as amended by Laws of 1907, chap. 576).

16. **Payment of Capital Stock.** — Stock can be issued only for money, labor, or property estimated at its true money value equal to the par value thereof. An exception is made in the case of stocks listed on the stock exchanges of New York, Chicago, Boston, and Philadelphia. No corporate bonds can be issued except for money or for labor or property estimated at its true money value actually received by it equal to seventy-five per cent of the par value thereof. All fictitious increase of the capital stock of any corporation is declared to be void (sec. 1753 as amended by Laws of 1907, chap. 576).

First Ave. Land Co. *v.* Parker, 111 Wis. 1; 86 N. W. 604; Shaw *v.* Gilbert, 111 Wis. 165; 86 N. W. 188.

17. **Books.** — Stock books and books of account must be kept by the corporation at its principal office in the State (R. S., secs. 1750, 1757). The former are open to the inspection of stockholders and creditors (Laws of 1905, chap. 347). The books required by statute are open to the inspection of stockholders and creditors.

18. **Office and Agent.** — Every business corporation must have its principal office in the State, and its managing officer or superintendent shall also reside therein (R. S., sec. 1750).

19. **Reports.** — Must within ten days after election of its officers file in the office of the register of deeds of county in which the corporation is located, and where its articles of incorporation are recorded, a list containing name of its president, vice-president, if any, secretary, cashier or managing agent, upon whom service of process may be made (R. S., sec. 1775 b; Laws of 1905, chap. 347). All domestic corporations must, between the 1st day of January and the 1st day of March of each year, file with the Secretary of State a report, sworn to by the president, secretary, treasurer, or general manager, stating: (1) name of such corporation and location, giving street and number; (2) the name and address of the officers and directors of said corporation, giving street and number; (3) amount of authorized capital stock; (4) amount of capital stock paid in money, property, and services; (5) whether such corporation was engaged in active business during preceding year; (6) nature of business transacted during preceding year; (7) in what State such corporation is licensed to transact business as a foreign corporation (sec. 1774, as amended by Laws of 1907, chap. 562).

20. **Anti-Trust Statute.** — Combinations and monopolies are provided against by both civil and penal laws (See Cons., Art. I., sec. 22; secs. 1770 e, f, g, Laws of 1905, chap. 506; Laws of 1907, chap. 562).

21. **Annual License Tax.** — There is no annual license tax.

22. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited for failing to keep an office and a managing officer or superintendent within the State (R. S., sec. 1750), for entering into illegal trusts (sec. 1791 j, k, l, Laws of 1905, chap. 507; Laws of 1907, chap. 562), also where charter is procured upon some fraudulent suggestion or enactment (R. S., secs. 3240, 3241).

If a corporation remains insolvent or neglects to pay its debts or suspends its ordinary business for one year, it is deemed to have surrendered its charter, and shall be adjudged to be dissolved (R. S., sec. 1763). The charter may be forfeited for failing to file annual report (Laws of 1907, chap. 562).

Phillips *v.* Albany, 28 Wis. 340; State *ex rel.* Cornish *v.* Tuttle, 53 Wis. 45; 9 N. W. 791; Attorney-General *v.* Company, 93 Wis. 604; 67 N. W. 1138; Harrigan *v.* Gilchrist, 121 Wis. 127; 99 N. W. 901.

23. **Amendments.** — Any corporation may at any meeting of the stockholders, by a vote of at least the owners of two-thirds thereof, unless a greater vote shall be required in its articles, amend the same so as to modify its business or purposes, change its name or location, increase or decrease its capital stock, change its officers or the number of directors, or provide anything which might have been originally provided for in such articles. Such amendment shall be adopted only in accordance with the articles of organization, which shall be therein prescribed. Duplicate copies of such amendment must be prepared with a certificate thereto attached signed by the president and secretary and sealed with the corporate seal, stating the fact and the date of the adoption of such amendment, the total number of shares voting in favor of such amendment, and that such copy is a true copy of the original. These are then forwarded to the Secretary of State, one to be filed by him and the other copy to be returned with his certificate attached to the register of deeds, who must record the same within thirty days after filing with the Secretary of State. The register of deeds then transmits to the Secretary of State a certificate stating time when such amendment was recorded in his office. Upon receipt of such certificate the Secretary of State issues a certificate of amendment (Laws of 1905, chap. 507).

Whenever the corporate name shall be changed, the secretary shall publish a notice thereof in a newspaper published at or nearest the place of location of such corporation for three weeks. No change of location of any such corporation if beyond the limits of the county shall be valid until the articles of organization be amended and thereafter shall have been recorded in the office of the register of deeds of the county to which the same shall be changed (Laws of 1901, chap. 238; see also R. S., secs. 1774, 1790).

Wood *v.* Association, 63 Wis. 9; 22 N. W. 756.

24. **Dissolution.** — Corporation may be dissolved by two-thirds vote of capital stock, at a meeting called for the purpose (R. S., sec. 1789). The charter may also be surrendered before organization (R. S., sec. 1773, as amended by Laws of 1905, chap. 407). The statute provides that a dissolution shall follow a rejection of a fundamental amendment to a charter by more than one-half of the stock (Laws of 1903, chap. 474, p. 1315).

Hinckley *et al. v.* Pfister *et al.*, 83 Wis. 64; 33 N. W. 21.

25. **Extension of Corporate Existence.** — There is no provision for extension of corporate existence.

26. **Foreign Corporations.** — Foreign corporations must file a certified copy of articles of incorporation in the office of the Secretary of State, accompanied by a sworn statement of an officer of the corporation stating the name of such corporation and location without and within the State; names and addresses of its officers, and name and address of agent within the State; amount of capital stock paid in; nature of business to be transacted within the State; proportion of capital stock represented by property within the State, etc. The Secretary of State must be appointed agent of the corporation for the

acceptance of service of process. The certificate must also state when the corporation was authorized to do business in the State where incorporated, and that it will comply with all the laws of the State relative to foreign corporations. An initial license tax is exacted of $25 and $1 for every $1,000 of its capital in excess of $25,000 employed within the State. Annual reports must be filed between the 1st day of January and the 1st day of March of each year. A fee of $2 is required for filing this report. The report must state: (*a*) Name of such corporation, and the location of its principal office or place of business without this State, and its place of business or principal office within this State, if maintained. (*b*) The names and addresses of the officers of such corporation, and the name and address of the agent or manager who may represent such corporation in this State. (*c*) The nature of the business transacted in this State during the year preceding. (*d*) The amount of capital stock paid in money, property, or services. (*e*) The proportion of the capital stock represented in the State of Wisconsin by its property located and business transacted therein during the preceding year. In determining the proportion of capital stock employed in the State, the same shall be computed by taking the gross business in dollars of the corporation in the State, and the full value in dollars of the property of the corporation located in the State. The same shall be the numerator of a fraction of which the denominator shall consist of the total gross business in dollars of the corporation, both within and without the State, added to the full value in dollars of the entire property of the corporation, both within and without the State. The fraction so obtained shall represent the proportion of the capital stock represented within the State. The Secretary of State may demand as a condition precedent to the filing of such report such further figures, information, and statements as he may deem proper in order to determine the accuracy of the report submitted. The additional information so obtained shall not become a matter of record in the department of State. The corporation shall pay a fee of $2 for filing such report. In case such report shows that such corporation employs in this State a proportion of its capital stock in excess of $25,000, such corporation shall pay to the Secretary of State at the time of filing of said report, an additional fee of $1 for each $1,000 in excess of said amount, except that the said corporation shall receive a credit for the proportion of its capital stock already paid for in excess of $25,000. (*f*) That said corporation as a condition of its being permitted to begin or continue doing business within this State shall comply with all of the laws of the State with regard to foreign corporations. In case of failure to file such report in the time above stated, the corporation shall pay to the Secretary of State a penalty of $25, if the same is not filed before May 1st. In case such report is not filed by May 1st, or if said corporation shall remove or make application to remove in any District or Circuit Court of the United States any action or proceeding commenced against it by any citizen of Wisconsin, upon any claim or cause of action arising within this State, the license issued to said corporation shall be void, and the Secretary of State shall enter such forfeiture in the records of his department (sec. 1770 b, as amended by Laws of 1907, chap. 562). An anti-trust affidavit must be filed at the time application for permit is made and also with the annual report (Laws of 1905, chap. 506; R. S., sec. 1770, a and b as amended; Laws of 1901, chaps. 351, 399, 434, sec. 1).

State *ex rel.* Drake *v.* Doyle, 40 Wis. 175; Ashland Lumber Co. *v.* Detroit Salt Co., 114 Wis. 66; 89 N. W. 904; D. G. Co. *v.* Company, 187 U. S. 611; 23 Sup. Ct. 206; C. T. T. Co. *v.* Bashford, (Wis.) 97 N. W. 940.

WYOMING.

(The references below are to the Revised Statutes of Wyoming, 1899, unless otherwise stated.)

1. **Statutes under which Business Corporations may incorporate.** — The Business Corporation Act is found in Revised Statutes of Wyoming, 1899, secs. 3029–3079, 3255–3270. (See also Laws of 1901, chap. 83.) Under it corporations may be found for carrying on any kind of manufacturing, mining, chemical, merchandising, or mechanical business, constructing wagon roads, railroads, telegraph lines, digging ditches, building flumes, mining tunnels, dealing in real estate, or carrying on any business designed to aid in the industrial or productive interests of the country (Laws of 1907, chap. 70).

2. **Incorporators.** — Three or more. No residential requirements (R. S., sec. 3029; Laws of 1907, chap. 70).

Durlacher *v.* Frazer, 8 Wy. 58; 55 Pac. 306.

3. **Contents of the Certificate of Incorporation.** — Duplicate certificates must be executed, setting forth (Laws of 1907, chap. 70):

a. Name. — (Similarity of names not expressly forbidden by statute, but Secretary of State will not allow the use of any name already adopted by an existing domestic corporation.)

b. Purposes. — Object for which the company is formed. Under the Constitution (Art. X. sec. 6) no corporation can have power to transact more than one general line or department of business, which shall be distinctly specified in its charter of incorporation.

c. Capital Stock. — Amount thereof (unlimited by law). If preferred stock is to be issued, this must be set forth (R. S., sec. 3042).

d. Duration. — Term of existence not to exceed fifty years.

e. Number of Shares. — Number and par value of shares (par value may be any amount).

f. Directors. — Number and names of the board for the first year (Laws of 1907, chap. 70).

g. Domiciliary Office. — Name of the town and county in which the operations of the company shall be carried on. More than one locality may be named if desired. If it is to transact business outside of the State, this must also be set forth (R. S., secs. 3029, 3033, 3034).

h. If directors are to adopt by-laws, provision therefor must be made in the certificate.

4. **Statutory Powers.** — In addition to a statutory enumeration of the common law powers, the law provides for the following additional powers: To hold stock in such other corporations as are subsidiary to and contribute to the objects and purposes of the corporation; to issue preferred stock; to purchase mines, manufactories, and other appropriate property in exchange for capital stock; to vote by proxy; mining companies may construct and operate railways, tramways, and wagon roads for their own particular purposes; to transact business outside of the State; to levy assessments and forfeit stock for non-payment thereof (R. S., secs. 3032, 3034, 3035, 3038, 3040, 3041, 3046, 3056, 3059, 3078, 3079; Laws of 1907, chap. 70).

5. **Procuring the Charter.** — Duplicate certificates must be executed

and acknowledged by each of the incorporators. One of them must be filed and recorded in the office of the county clerk where the business of the corporation is to be carried on and one in the office of the Secretary of State (secs. 3029, 3032; Laws of 1907, chap. 70). All corporations must, within thirty days after the filing of their articles of incorporation with the Secretary of State, cause to be published in a newspaper of general circulation a notice of their incorporation. Such notice shall contain the corporate name of the company, the object for which the company shall be formed, the amount of the capital stock of the company, the term of its existence, the number of shares of which the said stock shall consist, the number of trustees, and the names of those who shall manage the business of the company for the first year, the name of the town and county in which the operation of said company shall be carried on, the location (by town, city, giving the street number if any there be) of its principal office within the State, and the name of the agent in charge thereof. Such notice shall be published three times in such newspaper, for which a charge of $5 shall be the legal rate for the publication of the three notices. The incorporators must, within said thirty days, file in the office of the Secretary of State the publishers' proof of such publication and receipt for same, and pay the Secretary of State for filing and indexing such proof (Laws of 1905, chap. 13).

6. **Corporate Indebtedness.** — The indebtedness shall at no time exceed amount of the capital stock (R. S., secs. 3049, 3053; Laws of 1907, chap. 70).

7. **Organization Tax.** — Capital stock not exceeding $5,000, $5; over $5,000 and not exceeding $100,000, $10; over $100,000, $10, and 5 cents additional for each $1,000 in excess of $100,000 (sec. 3030).

8. **Filing and Recording Fees.** — The payment of the organization tax includes the filing and recording fees in the office of the Secretary of State. The latter's fee for filing proof of publication of charter is $1; for certified copy of the articles, 15 cents per folio of one hundred words for copy and $1 for certificate and seal; for filing appointment of agent, $2.50; for filing certificate of full-paid stock in the office of the county clerk, the fee averages $1.20. The average fee for filing and recording certificate of incorporation in the county clerk's office is $2.

9. **Commencing Business.** — Within ninety days after the incorporation there must be filed in the office of the Secretary of State a certificate designating the location of the principal office in the State and the agent in charge thereof upon whom process may be served. Within thirty days after the payment of the last instalment of capital stock a certificate thereof, sworn to by the president and a majority of the directors, must be recorded in the office of the county clerk of the county wherein the business of the corporation is carried on (Laws of 1907, chap. 70). Ten per cent of the capital stock must be paid in within one year (sec. 3045).

10. **Organization Meeting.** — Should be held within the State (secs. 3035, 3036).

11. **Meetings of Stockholders and Directors.** — The act does not authorize meetings of stockholders to be held without the State. Directors' meetings may be held wherever the by-laws prescribe (R. S., secs. 3035, 3036). Notice of annual meetings must be published ten days prior thereto (Laws of 1907, chap. 70).

12. **Directors' Qualifications and Liabilities.** *a. Qualifications.* — The number of directors is unlimited (Laws of 1907, chap. 70). All must be

stockholders. There are no residential requirements (R. S., sec. 3035). The president must be a member of the board of directors (Laws of 1907, chap. 70). Executive committee may be provided for in the by-laws (secs. 3037, 3039, 3078).

b. Liabilities. — Directors are personally liable for payment of corporate debts where they participate in an illegal declaration of a dividend or in the creation of corporate indebtedness in excess of the capital stock (R. S., secs. 3048, 3049). To avoid this liability as to dividends only, a certificate of objection must be filed with the secretary of the company, and with the county clerk of the county wherein the meeting is held (Laws of 1907, chap. 70). They are also liable for issuing false certificates of stock (secs. 5151, 5158).

13. **Stockholders' Liabilities.** — Stockholders are only liable to creditors for their unpaid stock subscriptions (R. S., sec. 3045).

14. **Stock Certificates.** — Must be signed by such officers as the by-laws prescribe.

15. **Preferred Stock.** — May be provided for in the certificate of incorporation, or may be issued thereafter by the unanimous consent of all the stockholders (R. S., secs. 3041, 3042). Dividends thereon cannot exceed seven per cent. The holders of common stock have the first right to subscribe for preferred stock, in proportion to their holdings (secs. 3041–3043).

16. **Payment of Capital Stock.** — Capital stock may be issued in exchange for mines, manufactories, and other necessary property to the amount of the value thereof. The act specifically provides that stock so issued shall be taken to be full stock, and the holders thereof shall not be liable thereon either to the corporation or to creditors (R. S., sec. 3046; Laws of 1907, chap. 70). Within thirty days after the payment of the last instalment of capital stock the president and a majority of the trustees must record in the office of the register of deeds of the county where the principal business is carried on, a certificate stating the amount of the capital so fixed and paid in (R. S., sec. 3047; Laws of 1907, chap. 70). Ten per cent of the capital stock must be paid in within one year (sec. 3045).

17. **Books.** — There is no provision as to what books must be kept other than the stock book (R. S., sec. 3055). Fifteen per cent of the stockholders may demand a statement of the company's affairs from the treasurer (R. S., sec. 3057).

18. **Office and Agent.** — The corporation must maintain an office within the State and have an agent in charge thereof on whom process against the corporation may be served (Laws of 1903, chap. 53).

19. **Reports.** — Within thirty days after the payment of the last instalment of capital stock a certificate thereof, sworn to by the president and a majority of the directors, must be recorded in the office of the register of deeds of the county wherein the business of the corporation is carried on (Laws of 1907, chap. 70).

20. **Anti-Trust Statute.** — There is no anti-trust statute in force in Wyoming. The Constitution, however (Art. I, sec. 30; Art. X, sec. 6), forbids consolidation or combination to prevent competition, etc.

21. **Statutory Grounds for Forfeiture of Charter.** — The charter may be forfeited for non-user and misuser of its corporate franchises and privileges (R. S., sec. 4214); also for failing to file certificate of agent and place of business (Laws of 1903, chap. 53) or to publish articles as required by law (Laws of 1905, chap. 13).

22. **Amendments.** — Any corporation or company formed prior to February 13, 1890, either by special act or under the general law, and now existing, or any company which may be formed under this title, may increase or diminish its capital stock by complying with the provisions of this chapter to any amount which may be deemed sufficient and proper for the purposes of the corporation, and may also extend its business to any other branch named in sec. 3029, and may also change its corporate name, subject to the provisions and liabilities of this chapter. But before any corporation shall be entitled to diminish the amount of its capital stock, if the amount of its debts and liabilities shall exceed the amount of capital to which it is proposed to be reduced, such amount of debts and liabilities shall be satisfied and reduced so as not to exceed such diminished amount of capital, and any existing company heretofore formed under the general law or any special act, may come under and avail itself of the privileges and provisions of this chapter by complying with the following provisions, and thereupon such company, its officers and stockholders, shall be subject to all the restrictions, duties, and liabilities of this chapter (sec. 3053).

Whenever the owner or owners of a majority of the shares of the capital stock of any company shall desire to call a meeting of stockholders, for the purpose of enabling the company to avail itself of the privileges of this chapter, or for increasing or diminishing the amount of its capital stock, or for extending or changing its business, or changing its name, such owner or owners shall make application in writing to the president or other chief officer of the company for the time being, to call a meeting of the stockholders of the company, which application shall state the purpose or purposes for which such meeting is desired. It shall thereupon be the duty of the officer of the company to whom such application is made to publish a notice to be signed by him in a newspaper in the county wherein is situated the principal office of the company in this State, if any shall be published therein, at least four successive weeks, and to deposit a written or printed copy thereof in the post-office addressed to each stockholder at his usual place of residence, at least fifteen days previous to the day fixed for holding such meeting, specifying the object of the meeting, the time and place when and where such meeting shall be held, and the amount to which it is proposed to increase or diminish the capital stock, and the business to which the company would be extended or changed, and stating one or more names proposed for a change as the case may be, and a vote of at least two-thirds of all the shares of the stock lawfully issued and outstanding. Thereupon a certificate of the proceedings, showing a compliance with the provisions of this chapter, the amount of capital actually paid in, the business to which it is extended or changed, the whole amount of debts and liabilities of the Company, and the amount to which the capital stock shall be increased or diminished, shall be made out, signed, and verified by the affidavits of the chairman and the secretary of said stockholders' meeting, and such certificates shall also be acknowledged by such chairman and secretary and filed and recorded as required by the first section of this chapter, and when so filed and recorded, the capital stock of such corporation shall be increased or diminished to the amount specified in such certificate and business extended or changed or corporate name changed as aforesaid, and the company shall be entitled to the provisions and privileges and be subject to the liabilities of this chapter as the case may be (sec. 3056).

23. **Annual License Tax.** — There is no annual license tax.

24. **Extension of Corporate Existence.** — No provision for this in the act.

25. **Dissolution.** — By a termination of its period of existence; and voluntarily by a two-thirds vote of the stockholders, whereupon the trustees become trustees for the creditors and stockholders (R. S., secs. 3255–3264 inclusive).

Inter. Trust Co. *v.* Company, 3 Wy. 803; 31 Pac. 408.

26. **Foreign Corporations.** — Every foreign corporation must, within thirty days after commencing business in the State, file in the office of the Secretary of State, and also in the office of the register of deeds of each county in which it transacts business, a copy of its charter with a copy of the general law under which it is incorporated, duly authenticated by the proper authorities of the State, wherein it was created (secs. 3265–3268, as amended by Laws of 1901, chap. 83; Laws of 1903, chap. 40). The filing fees are the same as for domestic corporations of like capitalization. It must also file in the same offices an appointment of an agent upon whom service of process may be made (Laws of 1903, chap. 40). The filing fee with the register of deeds is $1 (sec. 3269). No annual license fee to pay and no reports to make (R. S., secs. 3265–3270 inclusive). Acceptance of provisions of State Constitution must be filed with Secretary of State (Cons., Art. X. sec. 5; sec. 3058, 3030, 3268). The filing fee is $2.50.

PART III.

FORMS AND PRECEDENTS.

SPECIFIC OBJECT CLAUSES.

INDEX.

	Form
Accountants	1
Acquisition of Existing Business	2
Advertising	3
Agricultural Implements	4
Air Brakes	5
Motors	6
Power	7
Aluminum Goods	8
Ammonia	9
Ammunition	10
Amusement Company	11
Angora Goats	12
Animal Fanciers	13
Apartment Houses	14
Architects	15
Asphalt	16
Auditors. See Form 1.	
Automobiles	17
Bakery	18
Baking Powder	19
Ballot Boxes	20
Banking and Trust Companies	21
Barrel Manufacture	22
Bicycles	23
Biscuit Company	24
Books	25
Boots and Shoes	26
Brandies	27
Breeders	28
Brewery	29
Brick	30
Bridge Builders	31
Bronze	32
Brooms	33
Brushes	34
Building Contractors	35
Butchers	36
Buttons	37
Car Builders	38
Carbon Engines	39
Cash Registers	40
Cattle	41
Cements	42
Cereals	43
Chemicals	44
Cigars	45
Clothing Manufacturers	46
Coal	47
Coal Briquette	48
Coal Transportation Company	49
Coffee	50
Cold Storage	51
Colonization Company	52
Commercial Company	53
Commission Merchants	54
Confectionery	55
Construction Company	56
Contractors and Builders	57
Cordage	58
Cotton	59
Cotton Brokers	60
Oil	61
Plantations, etc.	62
Cutlery	63
Dairy Products	64
Decorating	65
Department Stores	66
Distillers	67
Dock Company	68
Dredging	69
Drilling	70
Drugs	71
Dry Goods	72
Electrical Business—General	73
Generating Machinery	74
Lighting	75
Electrical Machinery	76
Vehicles	77
Elevators (Grain)	78
Machinery	79
Passenger	80
Enamel and Stamped Ware	81
Engineering and Dredging Company	82
Explosives	83
Express	84
Extracting Company	85
Fancy Glass	86
Farm Products—Dairy	87
Farm Products etc.	88
Fireproofing	89
Fisheries	90
Flour	91
Food Products	92
Foreign Commercial Company	93
Freight Agents	94
Fruit Company	95
Plantations	96
Fuel-Saving Machines	97
Furniture	98
Garbage Machinery	99
Gas	100
Gas Engines, Burners, etc.	101
Ginneries	102
Glass	103
Gold and Silver Ware	104
Graphite	105
Hardware	106
Hotel Company	107
Ice	108
Inspection of Elevators	109
Insurance	110
Investment	111
Iron and Steel	112
Lamps	113
Land and Development Company	114
Laundry	115
Lead Company	116
Leather	117
Light and Heat	118
Locomobiles	119
Lumber and Nursery	120
Machinery	121
Magazines	122
Manufacturing	123
Manganese	124
Matches	125
Mechanical Engineers	126
Medical College	127
Medical Institute	128
Mercantile Agency	129
Mica	130
Mining (Limited Powers)	131
Full Powers	132
(Investments)	133
Rights	134
Mortgage and Trust	135
Motor Cars	136
Companies	137
Musical Instruments	138
Newspapers	139
Nickel	140
Novelties	141
Oil and Petroleum	142
Oil and Pipe Line Company	143
Paints	144
Paper	145
Passenger and Baggage Transfer	146
Patent Medicines	147
Patents	148
Phonographs	149
Photography	150
Pianos	151
Pipe Foundry	152
Plantation Company	153
Plumbers' Supplies	154
Pottery	155
Poultry	156
Publishers	157
Quarry	158
Railway Equipment	159
Real Estate (City)	160

	Form
Realty	161
Reduction Company	162
Refineries	163
Restaurants	164
Rubber Company	165
Salt	166
Sanitariums	167
Sauces and Pickles	168
Saw-Mills	169
Scaling	170
Separators	171
Sewing Machines	172
Sheep	173
Ship Building	174
Silk	175
Slate and Tile	176
Slaughter-Houses	177
Slot Machines	178
Soap	179
Stationary Engines	180
Stationers	181
Steamboats	182
Steel Lath and Fireproofing Company	183
Steel Manufacture	184
Stereopticon Machines	185
Stevedores	186
Stock Brokers	187
Storage Batteries	188
Sugar Refineries	189
Surgical Instruments	190
Tailors	191
Tanneries	192
Tar Manufacturing	193
Telegraph and Telephone Companies	194
Theatres	195
Thread	196
Tobacco	197
Trading-Stamp Company	198
Train Control	199
Transportation Company	200
Tropical Trading Company	201
Trust Company	202
Turbine Engines	203
Typesetting Machines	204
Typewriters	205
Valve Company	206
Varnish Removers	207
Warehousers	208
Watches and Diamonds	209
Water, Light, Power, and Traction Company	210
Water Heaters	211
Water Works	212
Weighing Machines	213
Wharf and Warehouse	214
Woollen and Worsted	215
Yarn Mill	216

FORM 1. — ACCOUNTANTS.

To open, take charge of, examine, inspect, and audit books of account; to certify to the results of such examination, inspection, and audit, and to guaranty the correctness of the same. To furnish facilities to individuals, firms, and corporations for opening sets of books of account and for auditing and balancing the same. (See p. 627.)

FORM 2. — ACQUISITION OF EXISTING BUSINESS.

To purchase, acquire, and take over the business and property, both real and personal, name and assets of every nature and description of the business now being carried on by in the city of State of .

FORM 3. — ADVERTISING.

To carry on a general advertising business in all its various branches; to solicit and contract for and give publicity to all kinds of advertising; to prepare, manufacture, construct, and arrange for advertising devices, advertisements, and novelties. To erect, construct, purchase, lease, or otherwise acquire fences, bill-boards, sign-boards, buildings, and other structures suitable for advertising purposes. To do a general bill-posting, sign-tacking, circularizing, and distributing business of every kind appertaining to any and all kinds of advertising.

FORM 4. — AGRICULTURAL IMPLEMENTS.

To carry on the business of manufacturers and dealers in agricultural implements; to manufacture, buy, sell, export, import, and generally deal in harvesters, binders, reapers, mowers, harrows, hay racks, headers and shredders, cutters, binding machines, threshers, drillers, seeders, and agricultural tools and implements of all kinds, and such other goods, wares, and merchandise as are usually manufactured or sold, exported or imported, and dealt in by manufacturers and dealers in a similar line of business.

FORM 5. — AIR BRAKES.

To carry on the business of manufacturers and dealers in air or pneumatic brakes and braking devices and appliances of every description; to manufacture, buy, sell, export, import, and generally deal in air or pneumatic braking devices and appliances, car tracks, railway appliances and supplies, machinery and appliances of every description. Also, to manufacture, buy, sell, export, import, and generally deal in compressed air machinery and parts, and to acquire by purchase or otherwise inventions, patents, licenses, and patent rights, and such brakes, braking devices, railway machinery and appliances and compressed air machinery and apparatus as may be manufactured, bought, sold, imported, exported, and dealt in by manufacturers and dealers in a similar line of business.

FORM 6.—AIR MOTORS.

To manufacture, construct, purchase, or otherwise acquire, deal in, sell, hire, lease, use, repair, operate, and maintain machinery, engines, compressors, or motors, tools, devices operated by compressed air or other expansible fluids, apparatus and appliances of any and every character.

FORM 7.—AIR POWER.

To manufacture, buy, sell, import, export, and generally deal in air compressors, machinery and apparatus useful or convenient for use in connection with the aforesaid business or any part thereof; to purchase or otherwise acquire, sell, lease, export, or import machinery, engines, trucks, and cars suitable for use in connection with the aforesaid line of business or any part thereof.

FORM 8.—ALUMINUM GOODS.

To manufacture, buy, sell, export, import, and generally deal in aluminum goods, and such other goods, wares, and merchandise as are usually manufactured, bought, sold, exported, or imported and dealt in by manufacturers and dealers in a similar line of business. To carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, and otherwise producing and dealing in aluminum and other products.

FORM 9.—AMMONIA.

To prepare, distil, manufacture, buy, sell, and generally deal in ammonia and such other products as are usually distilled, manufactured, bought, sold, and dealt in by manufacturers and dealers in a similar line of business.

FORM 10.—AMMUNITION.

To manufacture, buy, sell, export, import, and generally deal in gunpowder, shot, bullets, cartridges, shells, explosives, and such other goods, wares, and merchandise as are usually manufactured, bought, sold, exported, imported, and dealt in by dealers in a similar line of business.

FORM 11.—AMUSEMENT COMPANY.

To build, buy, lease, or otherwise acquire, own, operate, and maintain merry-go-rounds, loop-the-loops, gravity and pleasure railways, aerial coasting swings, Ferris Wheels, and all other devices of a like nature calculated to offer amusement to the public and profit to the company. Also to manufacture, locate, buy, lease, or otherwise acquire, sell, and deal in scenery, stage appliances, theatre appliances, and other articles suitable for use on stage or in amusement enterprises, theatres, or other public places. Also to purchase, own, lease, or otherwise acquire, license, or sell plays, operas, songs, musical or dramatic manuscripts or copyrights whatsoever which may be used as a basis for the amusement or entertainment of persons in public or private places. To carry on the business of, and to do any and all things that may be ordinarily conducted by dramatic and operatic agents and managers of amusement enterprises of any kind, including the manufacture of appliances used in theatrical amusement enterprises. Also to conduct amusement enterprises of all kinds. To purchase, lease, or otherwise acquire, buy, sell, or otherwise dispose of lands and buildings for the erection, operation, and maintenance of theatres, opera houses, and amusement enterprises of every character, with suitable plants, machinery, lighting, and heating apparatus, and other appliances connected therewith.

FORM 12.—ANGORA GOATS.

To carry on in all its various branches a general stock-raising farm and ranch business; particularly to buy, sell, breed, raise, or otherwise deal in Angora Goats and other domestic animals.

FORM 13. — ANIMAL FANCIERS.

To buy, sell, import, export, and generally deal in all kinds of animals, domestic or wild; and particularly to buy, sell, import, export, and deal in dogs, cats, goats, birds, and such other animals as are usually bought, sold, imported, and exported by dealers in a similar line of business.

FORM 14. — APARTMENT HOUSES.

To erect, build, equip, operate, maintain, buy, and sell apartment houses; to supply electricity for lighting, heating, power, signalling, and other purposes. To construct, own, and operate electric telephone exchanges.

FORM 15. — ARCHITECTS.

To conduct, manage, and carry on the businesses of architects and engineers in all or any of their respective branches, and also the development of real estate situate in the State of or elsewhere; to make contracts for the preparation of plans or other drawings and specifications of buildings or parts of buildings of any kind and description; to superintend the construction thereof and to do any and all acts in the line of the businesses of architects and engineers which it may deem necessary, profitable, or desirable for the promotion of its business. To acquire by purchase or otherwise own, hold, buy, sell, convey, lease, mortgage, or encumber real estate including quarry lands or other property, personal or mixed. To survey, subdivide, plat, improve, and develop lands for purposes of sale or otherwise, and to do and perform all things needful and lawful for the development and improvement of the same for residence, trade, or business. To acquire to the same extent as natural persons and without limit as to amount, by purchase, lease, exchange, hire, or otherwise, lands, improved or unimproved, tenements, hereditaments, chattels, real or personal, or any interest therein; to erect and construct houses, buildings, and works of every description on any lands of the company or upon any other lands; to rebuild, enlarge, alter, or improve existing houses, buildings, or works thereon; to subdivide, improve, and develop lands for purposes of sale or otherwise; to convert and appropriate any such land into and for roads, streets, and other conveniences, and to do and perform all things needful and lawful for the development and improvement of the same, and generally to deal with and improve the property of the company and of other parties; to own, hold, and maintain any property acquired by the company; to sell, convey, lease, release, let, exchange, mortgage, or otherwise encumber or dispose of lands, houses, buildings, hereditaments, appurtenances, chattels, and other property of the company; to equip, furnish, conduct, operate, manage, lease, and maintain hotels, apartment houses, boarding houses, dwelling houses, sanitariums, warehouses, or any kind of building for dwelling, amusement, recreation, charitable, or religious purposes; to undertake or direct the management and sale of the property of the company, real and personal; to sell, assign, release, hold, or satisfy mortgages which may become the property of the company; to loan on bond or mortgage or otherwise, or to advance money to, and to enter into contracts and arrangements of all kinds with contractors, laborers, skilled or otherwise, builders, property owners, and others.

FORM 16. — ASPHALT.

To mine, manufacture, produce, prepare, buy, sell, export, import, and generally deal in asphalt, cement, and such other products as are usually dealt in by dealers engaged in a similar line of business; to manufacture, produce, prepare, export, import, and deal in any product in the manufacture or composition of which asphalt or cement is used; to prospect for and locate lands suitable for clearing and mining all kinds of minerals, stone, and other products; also to enter into contracts for the paving, repairing, and improving of streets, alleys, and areas in and about public or private buildings or grounds.

AUDITORS. See ACCOUNTANTS, FORM 1.

FORM 17. — AUTOMOBILES.

To manufacture, buy, sell, import, export, and generally deal in all kinds of vehicles, engines, machines, or appliances for the generation of steam, electric, gasolene, or other power for the purpose of propelling cars, carriages, wagons, trucks, and vehicles of every kind and description; and also to manufacture, buy, sell, import, export, and generally deal in machinery of all kinds and such mechanical devices and engineering appliances as are generally manufactured, bought, sold, exported, imported, and dealt in by manufacturers, and dealers in a similar line of business.

FORM 18. — BAKERY.

To carry on the business of bakers in all its various branches in the city of and vicinity; to manufacture, make, purchase, sell, export, and import bread, crackers, biscuits, cake, sweetmeats, and confectionery of all kinds; also to manufacture, buy, sell, import, export, and generally deal in baking powders, yeasts, cream of tartar, and all other articles which may be necessary or conveniently used in connection with the aforementioned business or businesses.

FORM 19. — BAKING POWDER.

To carry on the business of manufacturers and dealers in baking powder and its ingredients. To manufacture, buy, sell, export, import, and generally deal in baking powder and all the ingredients, whether chemical or otherwise which are or may be component parts of baking powder, and to manufacture, buy, sell, export, import, and generally deal in such other goods, wares and merchandise as are made or carried by manufacturers and dealers in a similar line of business.

FORM 20. — BALLOT BOXES.

To manufacture, buy, sell, lease, export, import, and generally deal in articles commonly known as voting or ballot boxes, and particularly to purchase or otherwise acquire letters patent of the United States or of foreign countries governing the manufacture of such voting or ballot boxes, together with all extensions and renewals of the same.

FORM 21. — BANKING AND TRUST COMPANIES.

To carry on a banking and trust company business and in connection therewith to discount bills, notes, and other evidences of debt, receive and pay out deposits with or without interest, receive on special deposit money or bullion or foreign coin, stocks, bonds, or other securities; to buy and sell foreign and domestic exchange, gold and silver bullion, foreign coins, bonds, stock, bills of exchange, notes, and other negotiable paper; to lend money on percentage, security or bonds, pledges of bonds, or other negotiable securities; to take and receive security by mortgage or otherwise upon property, real and personal; to invest money for individuals or corporations, and to act as Trustee for any purpose; to do any business and exercise any powers incident to the business of trust companies doing a banking business.

FORM 22. — BARREL MANUFACTURE.

To manufacture, buy, sell, export, import, and generally deal in barrels and barrel heads, hogsheads and boxes made from wood or metal.

FORM 23. — BICYCLES.

To carry on the business of manufacturers and dealers in bicycles and bicycle sundries; to manufacture, buy, sell, import, export, and generally deal in bicycles, motor cycles, bicycle saddles, bicycle parts, and bicycle sundries of all kinds

FORM 24. — BISCUIT COMPANY.

To prepare, manufacture, buy, sell, import, export, and generally deal in biscuits, cakes, crackers, pretzels, pastry and bread of all kinds, and in other food products. To manufacture, buy, sell, import, export, and generally deal in machinery for the making and baking of biscuits, cakes, crackers, pretzels, pastry, and bread.

FORM 25. — BOOKS.

To carry on the business of booksellers, stationers, bookbinders, and engravers, lithographers, publishers, and manufacturers of inks and all articles and things of the same character as the foregoing or connected therewith.

FORM 26. — BOOTS AND SHOES.

To carry on the business of manufacturers and dealers in boots, shoes, and footwear of every kind and description. To manufacture, buy, sell, import, export, and generally deal in boots, shoes, rubbers, soles, lasts, and all kinds of leather, rubber, or cloth goods. To make, manufacture, buy, sell, import, export and deal in machinery of all kinds for the manufacture of boots and shoes, rubbers, soles, lasts, and all kinds of leather, rubber, and cloth goods. To manufacture, buy, sell, export, import and generally deal in all kinds of blacking, polishes, varnishes, lasts, button hooks, fasteners, and such other articles of merchandise as are usually manufactured by manufacturers and dealers in a similar line of business.

FORM 27. — BRANDIES.

To carry on the business of manufacturers, distillers, and dealers in brandies, wines, and liquors of every class and description. To manufacture, buy, sell, export, import, store, warehouse, and generally deal in brandies, wines, whiskey, malt liquors, gin, spirits, and beverages of all kinds, and their products and by-products of every nature whatsoever. To carry on the general business of distilling and rectifying brandies, wines, whiskey, and liquor, and the blending of gins and whiskeys of all classes and description, and generally deal in grain, sugar, molasses, and all liquors, used in connection with the operation of a distillery. To manufacture, buy, sell, import, and export machinery for the manufacture, distillation, and rectification of liquors of every class and description. To build, operate, and maintain warehouses, bonded or otherwise, and to do a general warehouse business. To issue, register, and certify warehouse receipts. To manufacture, buy, sell, and deal in ice.

FORM 28. — BREEDERS.

To carry on the business of breeding, raising, training, buying, selling, importing, and exporting horses. To conduct any and all manner of business permitted at fair and race courses, and in general to do any and all things in accordance with law that may directly or indirectly be connected with the raising of horses. To keep careful lists of the most celebrated horses of all noted breeds, and their pedigree and distinguishing characteristics, and to publish from time to time every kind of information on such subjects of interest to horsemen. To buy, sell, raise, and handle live stock of all kinds and description.

FORM 29. — BREWERY.

To prepare, brew, manufacture, export, import, buy, sell, make, and deal in beer, porter, ale, and all other classes and kinds of malt liquors. To manufacture, buy, sell, import, and export malt. To buy and sell grains of all kinds; to manufacture, buy, sell, and refine liquors of all kinds; to manufacture, buy, sell, and deal in ice. To build, operate, and maintain warehouses, and to do a general warehouse business. To manufacture, buy, sell, import, and export machinery for the manufacture, distillation, brewing, and treating of malt liquors.

FORM 30. — BRICK.

To manufacture for purposes of sale pressed brick, building brick, terra cotta, tile, roofing, vitrified, and other building materials which can be made from clay.

FORM 31. — BRIDGE BUILDERS.

To manufacture, sell, export, and generally deal in bridges and structural work. To manufacture, buy, sell, export, and import steel, iron, tin, aluminum, and other metals. Also to manufacture, buy, sell, export, and import engines, boilers, machinery, plates, apparatus, tools, appliances, and materials useful or convenient for carrying on any of the several lines of business heretofore set forth.

FORM 32. — BRONZE.

To manufacture, buy, sell, export, import, and generally deal in bronzes of all kinds, classes, and descriptions. Also to manufacture, prepare, buy, sell, export, import, and generally deal in silicon, aluminum, and all kinds of metals or metallic compounds suitable and convenient to be used or commonly used by dealers in bronzes.

FORM 33. — BROOMS.

To carry on the business of manufacturers and dealers in brooms of all classes and descriptions; to manufacture, buy, sell, import, export, and generally deal in brooms, broom corn, broom hangers, binding twine, binding wire, and all other articles suitable for use in such manufacture; also to deal in such other goods, wares, and merchandise as are usually manufactured or dealt in by manufacturers and dealers in a similar line of business.

FORM 34. — BRUSHES.

To manufacture, buy, sell, export, import, and generally deal in hair brushes, scrubbing brushes, nail brushes, electric brushes, brooms and dusters of all classes and descriptions. Also to manufacture, buy, sell, export, import, and generally deal in such other goods, wares, and merchandise as are commonly manufactured and dealt in by those engaged in a similar line of business.

FORM 35. — BUILDING CONTRACTORS.

To engage generally in the business of contracting for, erecting, decorating, and furnishing thereof, buildings of every class and description. To engage generally in the business of builders, contractors, and dealers in lumber, stone, brick, cement, marble, plumbers' supplies, and all other kinds of building material.

FORM 36. — BUTCHERS.

To carry on the business of wholesale and retail dealers in meat and meat products, and to operate in connection therewith slaughter-houses, stock yards, and live-stock farms and ranches; also to operate and maintain cold-storage warehouses, plants, and all buildings necessary or expedient for carrying on the aforesaid business.

FORM 37. — BUTTONS.

To carry on the business of manufacturers and dealers in buttons of all kinds, classes, and descriptions; to manufacture, buy, sell, import, export, and generally deal in buttons and all products necessary or useful in the business of button manufacturing. To purchase or otherwise acquire letters patent of the United States or of foreign countries, together with all extensions or renewals of the same, covering the manufacture of buttons and button machinery; also to buy, manufacture, and keep in stock for purposes of sale such goods, wares, and merchandise as are usually manufactured by and dealt in by manufacturers and dealers in a similar line of business.

FORM 38. — CAR BUILDERS.

To carry on the business of manufacturing, buying, leasing, or otherwise acquiring, equipping, constructing, altering, repairing, maintaining, operating, and selling steam, electric, or cable cars, and to manufacture, buy, lease, or otherwise acquire, construct, alter, repair, and sell all apparatus, appliances, devices, machinery, and materials for use in operating, constructing, or maintaining steam, electric, or cable cars, or used in constructing, operating or maintaining any line of railway, steam, or electric lines or otherwise, or the stations, terminals, or equipment thereof.

FORM 39. — CARBON ENGINES.

To manufacture, buy, sell, import, export, and deal in carbon engines and all kinds of machinery, tools, and implements incidental to the development of new and useful mechanical devices, and to obtain letters patent thereupon; to acquire letters patent, domestic or foreign, for the right to construct machines upon which patents have already been issued and applied for.

FORM 40. — CASH REGISTERS.

To manufacture, buy, sell, export, import, and generally deal in cash registers, check, slip, and automatic printing registers, autographic registers, weighing, adding, calculating and registering machines of all kinds, classes, and descriptions.

FORM 41. — CATTLE.

To breed, raise, buy, sell, export, import, and deal in cattle, sheep, horses, and live stock of all classes and descriptions. To build, construct, buy, lease, or otherwise acquire, own, and maintain slaughter-houses. To carry on the business of butchers and packers; also to manufacture, buy, sell, and generally deal in all articles made from the carcasses of animals. To purchase, lease, or otherwise acquire farms and lands suitable for stock raising and agricultural business.

FORM 42. — CEMENTS.

To manufacture, prepare, buy, sell, import, export, and deal in cement, Portland or otherwise, lime, limestone, and all kinds of plasters and artificial stone. To build, buy, lease, or otherwise acquire manufactories, plants, buildings, and warehouses suitable for the manufacture, selling, and storing of cement and other products of a similar nature. To manufacture and deal in such other goods, wares, and merchandise as are usually manufactured and dealt in by those engaged in a similar line of business.

FORM 43. — CEREALS.

To buy, sell, import, export, and generally deal in all kinds of cereals and the manufactured products thereof. To grind material for cereals and the various products thereof. To erect, construct, own, purchase, lease, or otherwise acquire elevators, mills, granaries, and buildings for the storing, handling, manufacturing, and selling of grains and cereals, and the various products thereof. To carry on a general milling and manufacturing business in the preparation of grains, cereals, and other products for market, and to manufacture, buy, sell, import, export, and deal in milling, elevator, and all other machinery for the handling of grains and cereals and their various products and by-products.

FORM 44. — CHEMICALS.

To manufacture, buy, sell, export, import, and generally deal in all kinds of chemicals, and to carry on the business of chemists, druggists, and manufacturers of, and dealers in pharmaceutical, medicinal, chemical, and other preparations, articles, compounds, pigments, drugs and druggists' sundries, chemical, surgical,

and scientific apparatus and machinery. To analyze and refine when necessary all kinds of chemicals, medicines, and preparations. To apply for, obtain, register, purchase, or otherwise acquire, use, operate, sell, assign, or otherwise dispose of any and all trade marks, secret processes, trade names, distinctive marks, and all inventions, improvements, and processes used in connection with or secured under letters patent or otherwise, domestic or foreign, and other governmental grants or concessions, and to use and employ the same in connection with the purposes hereinbefore set forth.

FORM 45. — CIGARS.

To carry on the business of manufacturers and dealers in cigars and tobacco. To manufacture, buy, sell, exchange, import, export, and generally deal in leaf tobacco, chewing tobacco, cigars, cigarettes, and cheroots; to plant, grow, and treat leaf tobacco, and to manufacture, sell, lease, or otherwise acquire machinery, tools, implements, and appliances incidental and necessary in the cultivation, care, and treatment of leaf tobacco, or in the manufacture of cheroots, chewing and smoking tobacco, cigars and cigarettes. To build, operate, maintain, lease, or otherwise acquire factories, warehouses, and buildings suitable for the caring, storing, preparation, and manufacture of tobacco and its several products.

FORM 46. — CLOTHING MANUFACTURERS.

To manufacture, buy, sell, import, export, and generally deal in clothing and wearing apparel of every nature and description. To engage in manufacturing, buying, selling, importing, and exporting underwear and gentlemen's furnishing goods.

FORM 47. — COAL.

To buy and sell anthracite, bituminous, semi-bituminous coal, lignite coal, and their products and by-products. To acquire by purchase, lease, or otherwise coal lands, shales, and properties, and to operate and maintain mines thereon. To engage in the business, both wholesale and retail, of dealers in coal, coke, wood, and fuel oil.

FORM 48. — COAL BRIQUETTE.

To manufacture, buy, sell, deal in, and deal with coal briquettes; to mine, buy, sell, deal in and deal with coal and other minerals, and to manufacture and sell coke and its by-products; to acquire by purchase, lease, or otherwise coal mines, coal lands, coal properties, mineral and mining rights; to manufacture, purchase, or otherwise acquire, hold, own, mortgage, lease, assign, transfer, invest, deal in and deal with and trade in goods, wares, merchandise, and property of every class and description.

FORM 49. — COAL TRANSPORTATION COMPANY.

To mine, buy, sell, import, export, and generally deal in anthracite, bituminous, and semi-bituminous coal; to act as agent and broker for coal and to make contracts with coal companies with reference to handling and selling their coal and on such terms as may be agreed upon. To buy, lease, build, and own sales-rooms, storerooms, storehouses, warehouses, docks, piers, and real estate necessary to the carrying on of such business. To carry on the business of engaging, receiving, transporting, and delivering coal and merchandise of all kinds upon freight or for hire between any port or ports of the United States and any foreign port or ports, or between any foreign port or ports and any port or ports of the United States; to engage in the business of chartering vessels therefor and operate vessels in such service. To act as agent for vessels employed in such service; to contract and arrange for the transportation of cargo to and from any of such ports by rail, boat, or otherwise from or to any inland or coastwise place or places. To build, buy, sell, charter, equip, operate, and own steamships, steamboats, sailing vessels, coal barges, canal boats, and other property to be used in such business, trade, commerce, and navigation.

FORM 50. — COFFEE.

To raise, cultivate, produce, export, import, treat, cure, ripen, polish, burn, roast, brown, buy, sell, and generally deal in coffees of every grade, character, and description. To acquire by purchase, lease, or otherwise lands and properties suitable for planting and raising coffee plants. To buy, sell, and generally deal in such other goods, wares, and merchandise as are usually dealt in by those engaged in a similar line of business.

FORM 51. — COLD STORAGE.

To preserve in cold storage and generally deal in all kinds of food products of a perishable nature or otherwise. To manufacture, buy, sell, and deal in ice. To buy, sell, store, import, and export fruit, fish, butter, milk, and all kinds of food products, whether animal or vegetable. To operate and maintain stores, buildings, warehouses, depots, and wharves for the carrying on of any of the aforesaid lines of business.

FORM 52. — COLONIZATION COMPANY.

To buy, sell, lease, or otherwise acquire lands and other property for the purpose of disposing of the same to settlers; to plant, grow, and cultivate tobacco, fruits, sugar, coffee, and all kinds of vegetables; to mine for gold, silver, copper, lead and all kinds of minerals; to manufacture marble, stone, brick, and building materials of a similar nature; to cut, manufacture, buy, sell, and deal in wood and lumber; to build, maintain, and operate hotels, stores, packing-houses, warehouses, elevators, saw-mills, flour-mills, dwellings, stations, and wharves; to raise, buy, sell, and deal in mules, sheep, and horses; to engage in the business of farmers and planters.

FORM 53. — COMMERCIAL COMPANY. (See FORM 92.)

FORM 54. — COMMISSION MERCHANTS.

To engage in the business of selling goods, wares, and merchandise as commission merchants, and as general selling agents; particularly to act as agents or brokers for the selling upon commission or otherwise of the following classes of property, to wit: (here insert description of property to be sold.)

FORM 55. — CONFECTIONERY.

To purchase, manufacture, buy, sell, import, export, and deal in candy, confectionery, sugar, glucose, ices, chocolate, and chewing gum; to manufacture, purchase, or otherwise acquire, sell, import, export, and generally deal in such goods, wares, and merchandise as are ordinarily carried by manufacturers or dealers in a similar line of business.

FORM 56. — CONSTRUCTION COMPANY.

To manufacture, buy, sell, or otherwise acquire, import, export, and generally deal in sheet iron, copper, tin, galvanized iron, cornices, skylights, smokestacks, water, gas, and electric works, wharves, roads, reservoirs, canals, factories, warehouses, and mills; to manufacture, buy, sell, import, export, and generally deal in iron, steel, manganese, copper, and other materials or alloy thereof, coke, gas, coal, lumber, and building materials or any article consisting or partly consisting of iron, steel, copper, and other materials, and any products thereof.

FORM 57. — CONTRACTORS AND BUILDERS.

To construct, erect, equip, repair, and improve houses, buildings, public or private roads, alleys, tramways, railways, reservoirs, irrigation ditches, wharves, sewers, tunnels, conduits, and subways.

FORM 58. — CORDAGE.

To manufacture, buy, sell, import, export, and generally deal in cordage, binding twine, rope, hemp, hawsers, chains, and other commodities of a similar nature.

To buy, sell, export, import, and generally deal in rope, hemp, and all raw materials suitable for use in the manufacture of cordage and binder twine.

FORM 59. — COTTON.

To buy, sell, import, export, plant, raise, gather, gin, and clean cotton; to bale cotton by hand or mechanical process; to build, operate, and maintain warehouses, and to do a general warehouse business. To manufacture, buy, sell, export, import, and generally deal in machinery for the ginning, cleaning, baling, and compressing of cotton and other fibrous materials. To engage in the business of producing, buying, selling, importing, and exporting cotton seed. Also to manufacture, purchase, lease, or otherwise acquire, operate, and sell machinery for compressing cotton or other fibrous materials, and for the purpose of ginning and cleaning the same.

FORM 60. — COTTON BROKERS.

To carry on the business of buying, selling, and otherwise dealing in cotton, either as principals or on commission.

FORM 61. — COTTON OIL.

To buy, gin, bale, and prepare seed cotton. To carry on the business of buying, selling, importing, exporting, manufacturing, refining, preparing, producing, and generally dealing in cotton oil and other oils; to carry on the business of buying, selling, importing, ginning, baling, warehousing, and shipping seed cotton and any and all other kinds of cotton; to manufacture, produce, prepare, buy, sell, import, export, and generally deal in cotton seed and any and all products and by-products thereof.

FORM 62. — COTTON PLANTATIONS, ETC.

To manufacture from the cotton plant or other substances pulp, paper, chemicals, and other material, and all or any articles consisting or partly consisting of pulp, paper, chemicals, or other materials, and all or any products thereof. To acquire, own, lease, occupy, use, improve, cultivate, or develop any cotton plantations, wood lands, lands containing coal, iron, or other ores, or other lands for any purpose of the company. To gather, remove, mine, or otherwise extract cotton plants, timber, or other vegetation, coal, ores, or other minerals from any lands owned, acquired, leased, or occupied by the company or from any other lands. To buy and sell or otherwise to deal or to traffic in raw cotton, cotton plant, pulp, paper or chemicals, wood, lumber, coal, iron, ores and other materials, and any of the products thereof and any articles consisting or partly consisting thereof. To purchase, hire, make, construct, or otherwise acquire, provide, maintain, equip, alter, erect, improve, repair, manage, and work any private roads, private telegraph and telephone lines, bridges, piers, wharves, wells, reservoirs, flumes, watercourses, water works, aqueducts, shafts, tunnels, furnaces, coke ovens, crushing works, gas works, electric light and power plants, compressed-air plants, chemical works of all kinds, concentrators, smelters, smelting plants and refineries, matting plants, warehouses, workshops, factories, dwelling houses, stores, hotels, or other buildings, engines, machinery, implements and other works, conveniences and properties of any description in connection with or which may seem directly or indirectly conducive to any of the objects of the company, and to contribute to, subsidize, or otherwise aid or take part in any such operations. To charter, hire, build, or otherwise acquire and maintain steamships and other vessels of any description, and private steam, compressed air, gravity, or electric railroads and tramways, and to employ the same in the transportation of the company's raw material, products, and supplies. To buy, sell, manufacture, and deal in machinery, implements, conveniences, pro-

visions, and things capable of being used in connection with manufacturing operations or any of the business of the company or required by workmen and others employed by the company. To buy, sell, hold, manage, lease, turn to account, and otherwise acquire land and freehold estates and interests therein; and to lay off realty into lots and blocks, street alleys and parks, and to dedicate such portion thereof to the public as the company may think proper.

FORM 63.—CUTLERY.

To manufacture, buy, sell, lease, export, import, and generally deal in cutlery, razors, tools, and machinery of all kind, classes, and descriptions.

FORM 64.—DAIRY PRODUCTS.

To manufacture, buy, sell, import, export, and generally deal in butter, buttermilk, oleomargarine, and butterine; to buy, sell, and generally deal in milk and all kinds of dairy products; to construct, maintain, and operate refrigerating cars, fast freight lines, and warehouses.

FORM 65.—DECORATING.

To carry on the business of painting, paper hanging, and the decoration of houses and buildings of every class and description; to carry on the business of manufacturing, buying, selling, importing, exporting, and generally dealing in stained and enamelled glass and all kinds of goods, wares, and merchandise suitable for use or ornamentation in the decorating business. To manufacture, prepare, buy, sell, import, and export paint and painters' supplies and kindred articles.

FORM 66.—DEPARTMENT STORES.

To carry on the business of a general department store; to establish and conduct therein the business of dry-goods merchants, milliners, cloth and fabric manufacturers, furriers, gents' furnishing goods, hosiers, hatters, clothiers, boot and shoe merchants, chemists, druggists, dealers in leather goods, wholesale furniture, silver, china, and glass ware, books, stationery, notions, photographs, pictures, and jewels. To buy, sell, import, export, and generally deal in plated goods, perfumery, toilet articles, bicycles, motor carriages of all kinds, wines, liquors, tobacco, and photographic supplies.

FORM 67.—DISTILLERS.

To engage in business as distillers and rectifiers of brandies, whiskies, and liquors of all kinds, classes, and descriptions. To carry on the business of manufacturers, distillers, and dealers in wines, brandies, spirits, and liquors of all kinds; to carry on the general business of distilling and rectifying wines, brandies, spirits, and liquors of all kinds, and generally to deal in grains, sugar, molasses, and all products used in connection with the operation of a distillery. To manufacture, buy, sell, import, export, and deal in machinery for the distillation and rectification of liquors of every class and descriptions. To build, operate, and maintain warehouses, bonded or otherwise, and to do a general warehouse business. To issue, register, guaranty, and certify warehouse receipts. To manufacture, buy, sell, and deal in ice.

FORM 68.—DOCK COMPANY.

To construct, erect, and maintain docks, elevators, piers, basins, loading and unloading machines, coal-yards and all kinds of terminal and transfer facilities for railway or water transportation. Also, to engage in freighting, lighterage, wharfage, and warehousing business. Also, to load and unload cars and vessels of all kinds and descriptions. Also, to purchase docking and berthing facilities for steam and sailing vessels of all kinds and descriptions.

FORM 69. — DREDGING.

To carry on the business of dredging in all its various branches; to buy, sell, manufacture, purchase, lease, or otherwise acquire, own, maintain, and operate docks, scows, lighters, derricks, vessels — steam or otherwise — engines, cars, wagons, tools, and personal property of every class and description convenient or necessary in carrying on the business of dredging.

FORM 70. — DRILLING.

To prospect, bore, drill for, and produce oil and natural gas; to purchase, lease, or otherwise acquire lands believed to contain oil and gas, and to erect and maintain thereon pumping and drilling stations, reservoirs, tanks, pipe lines and other facilities and conveniences that may be necessary or required in and about said business.

FORM 71. — DRUGS.

To manufacture, buy, sell, import, export, and generally deal in all kinds of drugs, druggists' sundries, pharmaceutical, medicinal, chemical, and all other preparations; to manufacture, buy, sell, import, export, and generally deal in compounds, pigments, electrical, medicinal, surgical, and scientific apparatus and proprietary articles of all kinds. To maintain a laboratory for the analysis of all kinds of chemical, animal, and vegetable products.

FORM 72. — DRY GOODS.

To buy, sell, import, export, manufacture, and deal in dry goods of every class, nature, and description; to conduct a general retail and wholesale dry-goods business, either as principals or on commission or both. To buy, sell, import, export, and deal in laces, linens, white goods, silks, ribbons, neck wear, gloves, cotton, and dry goods of all classes and descriptions.

FORM 73. — ELECTRICAL BUSINESS — GENERAL.

To carry on the business of electricians, electrical engineers and dealers in electricity, and electric motive power, lighting, and heating. To manufacture, buy, sell, import, export, and generally deal in electrical machinery of all classes and descriptions; also to produce, accumulate, distribute for hire electricity and electromotive force, and to supply the same for use as power for lighting, heating, and motive purposes; to carry on the business of lighting cities, towns, villages, streets, buildings — public or private — by means of electricity, and to supply light and heating power to carriers of passengers and goods, either by land or water. To construct, build, purchase, lease, or otherwise acquire, maintain, equip, operate, and build street railways, street cars, and other passenger or freight vehicles operated by electricity or otherwise. To manufacture, use, purchase, lease, or otherwise acquire and maintain telephones, telegraphs, phonographs, and all kinds of electrical devices; to construct, operate, and maintain, purchase, lease, or otherwise acquire subways, conduits, electric lighting and heating plants. To lay, construct, and maintain cables, wires, lines, and all necessary appurtenances and appliances.

FORM 74. — ELECTRIC GENERATING MACHINERY.

To manufacture, construct, purchase, or otherwise acquire, deal in, sell, hire, lease, use, repair, operate, and maintain electric generating machinery and apparatus, dynamos, motors, meters, electric engines, accumulators, and any and all parts, devices, instruments, and things adapted to be used in the construction of or upon or in connection with or in the operation of such electric generating machinery and apparatus, dynamos, motors, meters, electric engines, and accumulators, and also all apparatus, machinery, engines, tools, devices, and appliances for generating or producing, accumulating, distributing, and using electricity for any purpose, and also all parts, attachments, devices, instruments, articles, and things to be used therewith or in the construction and operation thereof. To construct, purchase, or otherwise acquire, deal in, sell, hire, lease, use, repair, operate, and maintain electric light plants, elec-

tric power plants, electric plants and power plants of any and every character and for any and every purpose, and machinery, engines, tools, devices, and appliances of any and every character whatsoever therefor.

FORM 75. — ELECTRIC LIGHTING.

To manufacture, generate, store, transmit, and distribute electric current for light, heat, and power; to manufacture, buy, sell, import, export, lease, or otherwise acquire and generally deal in machinery, and devices for the manufacture, generation, storage, transmission, and distribution of electric current for light, heat, and power purposes; to erect, buy, sell, lease, or otherwise acquire, operate, and maintain electric lighting, heating, and power plants; to manufacture, buy, sell, lease, or otherwise acquire, import, export, and generally deal in electric apparatus of all kinds; to erect, buy, sell, lease, or otherwise acquire, maintain, and operate underground subways, conduits, poles, string wires, above, upon, or under the streets, alleys, and territories of counties, townships, cities, towns, and villages, whether maintained or owned by public or private corporations or individuals.

FORM 76. — ELECTRICAL MACHINERY.

To manufacture, buy, sell, import, export, and generally deal in electrical machinery and supplies of all classes and descriptions; to manufacture, buy, sell, import, export, repair, convert, lease, or otherwise dispose of and generally deal in electric motors, electrostatic machines, continuous electric batteries, interrupted current batteries, dry-cell electrodes, X-Ray tubes, fluoroscopes, internal body batteries, battery apparatus, milli-ampere meters, sinusoidal current electric machines, rheostats, compressors, generators, pumps, motors, and electrical appliances and goods of every kind and character. To buy, sell, import, export, lease, or otherwise acquire and generally deal in all kinds of vehicles, machines, or appliances for the generation of electric power for the purpose of propelling cars, wagons, trucks, and vehicles of every kind and description.

FORM 77. — ELECTRICAL VEHICLES.

To manufacture, buy, sell, lease, or otherwise acquire, export, import, and generally deal in vehicles of every class and description propelled by electric power; to acquire by purchase, lease, or otherwise electrical vehicles for the purpose of operating the same in carrying and transporting passengers, goods, wares, and merchandise. To acquire by purchase, lease, or otherwise to equip vehicles of every kind and description for the purpose of using and operating the same for the carriage of passengers, goods, wares, and merchandise by means of electricity, gasolene, compressed air, or steam.

FORM 78. — ELEVATORS (GRAIN).

To erect, buy, sell, lease, or otherwise acquire and maintain and operate elevators for the storage of grains and cereals of every kind and description. To build, operate, and maintain warehouses and to do a general warehouse business; to issue, register, and certify warehouse receipts. To manufacture, buy, sell, and deal in ice.

FORM 79. — ELEVATOR MACHINERY.

To manufacture, construct, purchase, or otherwise acquire, deal in, sell, hire, lease, use, repair, operate, and maintain elevators and hoisting and lifting apparatus of any and every character and any and all parts, devices, instruments, and things adapted for use in the construction of or upon or in connection with or in the operation of such elevators, hoisting and lifting apparatus of any and every character.

FORM 80. — ELEVATORS (PASSENGER).

To manufacture, buy, sell, lease, or otherwise acquire, import, export, equip, maintain, and operate elevators and hoisting machinery of every class and description, whether propelled by electricity, air, power, steam, or otherwise.

FORM 81. — ENAMEL AND STAMPED WARE.

To manufacture, cast, forge, roll, tin, enamel, coat, plate, buy, sell, import, export, and generally deal in all kinds of enamel and stamped ware, including kitchen and household wares, household ornaments, and enamel and stamped articles made from iron, steel, tin, aluminum, and other materials.

FORM 82. — ENGINEERING AND DREDGING COMPANY.

To carry on a general dredging, contracting, and engineering business in all of their branches; also to design, construct, enlarge, extend, repair, complete, take down and remove, or otherwise engage in any work upon bridges, piers, docks, foundations, mines, shafts, tunnels, wells, waterworks, lighthouses, buildings, railroads, telegraph and telephone lines, canals and all kinds of excavations, and iron, wood, masonry, and earth constructions in all parts of the world, and to make, execute, and take or receive any contracts or assignments of contracts, therefor or relating thereto or connected therewith.

To engage in the business of manufacturing, buying, selling, and dealing in cranes for lifting, hoisting, dredging, and conveying materials of all kinds, and in conveying machinery, hoisting machinery, and coal-handling machinery of every description, and in hydraulic, electric, pneumatic, and power machinery of every description, and in steam hammers, charging machines, drilling, concentrating, milling, and mining machines, ingot extractors and foundry plants, and in all kinds of fittings, tools, supplies, and apparatus pertaining thereto; or for any other purpose which now is or may be incidental or necessary for a general contracting or engineering business.

To manufacture or purchase, or both, all tools, machinery, and appliances necessary, proper, or convenient for the carrying on of the said manufactures.

To manufacture, buy, sell, and generally deal in iron, steel, and other metals, and any and all the products thereof.

To quarry, mine, cut, saw, finish, prepare for market, buy, sell, and deal in minerals and mineral substances of all kinds; to buy, lease, or otherwise acquire, use, build, sell, lease, or otherwise dispose of lands or any interest thereon; to build, maintain, own, lease, and operate roads, railroads, or bridges (together with rights of way for the same), canal boats, steamboats, and other means and mechanism of transportation; reservoirs, dams, watercourses, aqueducts, wharves, mills, hydraulic works, power and lighting plants, equipment works, factories, warehouses, dwelling houses, and other works which may be necessary or convenient to the carrying out of the objects of the company.

To purchase and otherwise acquire, and to operate, maintain, and dispose of the mills, plants, and business of individuals, corporations, and firms in any business similar to the business of this company or allied therewith.

To purchase or otherwise acquire, sell, dispose of, and deal in real and personal property of all kinds, and in particular lands, buildings, business concerns and undertakings, mortgages, shares, book debts and claims, and any interest in real or personal property, and any claims against such property or against any person or company, and to carry on any business, concern, or undertaking so acquired.

To enter into, make, perform, and carry out contracts of every kind and for any lawful purpose with any person, firm, association, or corporation.

FORM 83. — EXPLOSIVES.

To manufacture, buy, sell, export, import, and generally deal in blasts, sporting powder, and high explosives of every class, nature, and description. To manufacture, buy, sell, export, import, and generally deal in machinery, supplies, tools, and appliances necessary, proper, or convenient for the carrying on of the above described lines of business.

FORM 84. — EXPRESS.

To carry on the business of engaging, receiving, transporting, and delivering merchandise upon freight, or for hire, within the corporate limits of any city, town, or village in the United States, or between any cities, towns, or villages in the United States, or between any port of the United States and any port or ports of the United States, or between any foreign port or ports and any port or ports of the United States. To carry on the business of equipping, maintaining, and operating wagons, drays, cars, and vessels of every class and description for the carrying on of the business hereinbefore provided for. To enter into contracts for the transportation of merchandise between any of the localities hereinbefore mentioned, and to enter into contracts for the carriage of mails, passengers, goods, wares, and merchandise by any means, either by its own vessels, railways, or conveyances or by the vessels, railways, or conveyances of others. To carry on a general express, freight, and transportation business; to gather, receive, distribute, and deliver goods, wares, and merchandise of every class and description. To establish stores and warehouses for receiving and delivering packages and circular matter.

FORM 85. — EXTRACTING COMPANY.

To mine and extract gold, silver, and other precious metals from placers and lodes or other mineral lands in any part of the United States, and in any and all foreign countries, and to this end to purchase, lease, or otherwise acquire, hold, own, mortgage, sell, operate, and control mining property, and all necessary plants and machinery adapted for the purposes of mining and extracting gold, silver, and precious metals.

FORM 86. — FANCY GLASS.

To manufacture, buy, sell, export, import, and generally deal in stained glass, transparent vault and sidewalk lights, hail-proof glass for greenhouses, skylights, and ornamental stained glass of all kinds and descriptions.

FORM 87. — FARM AND DAIRY PRODUCTS.

To produce, purchase, sell, import, export, and generally deal in milk, butter, cheese, vegetables, and all kinds of farm, garden, and dairy products. Also to sterilize, condense, preserve, and certify milk.

FORM 88. — FARM PRODUCTS, SOUTHERN.

To produce, manufacture, refine, buy, sell, import, export, and generally deal in cotton, sugar cane, sugar, molasses, syrups, and tobacco in all forms, and other products of agriculture or industry.

FORM 89. — FIREPROOFING.

To manufacture, buy, sell, import, export, and generally deal in fireproofing brick and building material of every kind, nature, and description. Also to manufacture, buy, sell, import, export, and generally deal in building material and appliances for the construction of fireproof buildings and the protection of the same from fire.

FORM 90. — FISHERIES.

To engage in the business of producing, selling, exporting, importing, and dealing in fish and sea products, nets, lines, and seines, and all kinds of appliances for the catching or preserving of fish. Also to engage in the business of catching, storing, freezing, packing, salting, canning, and otherwise preserving fish. Also to engage in the business of propagating fish and maintaining ponds for that purpose; to construct, purchase, lease, or otherwise acquire, maintain, and operate cold-storage and refrigerator plants and refrigerating cars, and to do a general warehouse and storage business, and in connection therewith to issue registered, certified, and guaranteed warehouse receipts.

FORM 91. — FLOUR.

To manufacture, buy, sell, export, import, and generally deal in flour, feed, breakfast foods, and other articles manufactured from grain or cereals. Also to operate in connection therewith grain warehouses, elevators, and cars for the carrying of grain, flour, and food products.

FORM 92. — FOOD PRODUCTS.

To produce, manufacture, buy, sell, import, export, and generally deal in food and cereal products of all classes and description. Also to can, export, import, and sell meats, fish, vegetables, and fruits of all kinds and descriptions.

FORM 93. — FOREIGN COMMERCIAL COMPANY.

This corporation is formed for the carrying on, in any foreign countries, of the several lines of business herein described. To purchase, sell, exchange, lease, or otherwise acquire real or personal property, and in particular lands, oil wells, refineries, mines, mining rights, minerals, ores, buildings, machinery, plants, stores, licenses, concessions, rights of way, light or water rights, and any rights or privileges which may seem to the directors convement with reference to the business of the company, and, whether for the purpose of resale, realization, or otherwise, to manage, develop, lease, mortgage, or otherwise deal with the whole or any part of such property or rights. To prospect, explore, develop, maintain, and carry on all or any lands, wells, mines or mining rights, minerals, ores, works, or other properties from time to time in the possession of the company in any number deemed desirable; to erect all necessary or convenient refineries, mills, works, machinery, laboratories, workshops, dwelling-houses for workmen and others and other buildings, works, and appliances, and to aid or subscribe towards or subsidize any such objects. To clear, plat for town-site purposes, manage, farm, cultivate, plant, and otherwise exploit, work, or improve any land which or any interest in which may belong to the company; and to deal with or otherwise turn to account any farm or other products of any such land. To construct, purchase, lease, or otherwise acquire, maintain, and operate private railways, tramways, wagon roads, private telegraph and telephone lines. To carry on business as merchants, shipowners, builders, or contractors; to acquire by grant, purchase, or otherwise concessions of any property or privileges from any government or from any authority, individual, municipal, or otherwise, and to perform and fulfil the conditions thereof. To carry on in all its branches any kind of manufacturing and trading business. To buy, sell, and deal in generally all kinds of manufactured products. To acquire by purchase or otherwise, under franchise or grant, all or any rights or privileges heretofore granted or hereafter to be granted by any country, state, or city, foreign or domestic.

To generally trade in, store, carry, and transport all kinds of goods, wares, merchandise, provisions, and supplies. To acquire by purchase or otherwise, to own, hold, buy, sell, or convey, lease, mortgage, or encumber real estate or other property, personal and mixed. To erect and construct houses, buildings, warehouses, and works of every description on any land of the company acquired by purchase, lease, or otherwise.

To buy, sell, or otherwise acquire, import, export, and generally deal in all kinds of agricultural machinery; without the State of , to acquire, construct, maintain, own, and operate water works, and to supply municipalities, corporations, and individuals with water and water power; also to acquire, erect, maintain, and construct any and all necessary dams, buildings, plants, machinery, fixtures, and apparatus of every sort for supplying municipalities, corporations, and individuals with water and water power for all purposes, and to carry on any business incidental thereto, including the purpose of acquiring, constructing, maintaining, and operating water works, pumping stations, and conduits thereto appertaining without the State of , and in any foreign country, State, or municipality; also to supply the citizens and inhabitants thereof and the corporations located and transacting business

therein with water and water power for domestic, mechanical, public, and fire or irrigation purposes, with power to acquire, hold, lease, and convey real and personal estate for the business of the corporation, and to acquire, hold, own, possess, and convey franchises and grants from foreign governmental, State, or municipal authorities for supplying cities, villages, and towns or either, and the inhabitants thereof with water for all purposes; also to carry on the business of operating water works, and to acquire and own stock and bonds of other corporations organized for like purposes, and to acquire, own, hold, and possess all such other personal property as may be suitable or convenient for the business of the company, with the right to issue bonds and secure the same by mortgage of the franchises, rights, contracts, and property of the corporation, real and personal, and to issue common or preferred stock, and to do all and everything necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any of the objects hereinbefore enumerated which shall at any time appear for the benefit of the corporation; and in general to carry on any other business, whether manufacturing or otherwise, which may seem to the corporation capable of being conveniently carried on in connection with the above or calculated to enhance the value or render profitable any of the corporation's property or rights.

Without the State of and in any foreign country, State, or municipality to acquire water by grant, purchase, development, or otherwise, and in connection therewith to furnish and sell water to corporations, public and private manufactories, and individuals for fire protection, manufacturing, domestic and irrigation purposes, and to collect payments or rentals for the same.

To exercise without the State of and within any foreign country, State, or municipality, the right of eminent domain, and in the lawful exercise thereof to condemn for use by said company, its successors or assigns, lands, tenements, hereditaments, and watercourses for the purpose of constructing thereon artificial water ways, irrigation and canal ditches, aqueducts, dams, reservoirs, tanks, standpipes, pumping stations, pumping houses, water works, hydrants, mains, pipe lines, gates, and valves.

In connection with the power to exercise the right of eminent domain as hereinbefore provided, said lands, tenements, hereditaments, and watercourses shall, subject to the consent and approval of the State, country, or municipality wherein the said right of eminent domain shall be exercised, be condemned and its value assessed by a board of commissioners appointed by said foreign country, State, or municipality acting jointly with a like commission appointed by the board of directors of this company. In case the two commissions cannot for any reason agree, an arbitrator shall be appointed by the mutual consent of such foreign State, country, or municipality and by the company, whose decision shall be final and conclusive upon both parties to the arbitration.

Without the State of , subject to the approval and consent of the government, State, or municipality wherein the rights hereinbefore provided shall be exercised, the company shall have the right to make such rules and regulations governing the distribution of water and fixing the prices for water distribution as shall be deemed by it from time to time necessary and proper in the premises; such rules when filed with the proper authorities of the State, county, or municipality to become law.

Without the State of and subject to the approval and consent of the government, State, or municipality wherein the rights hereinbefore provided for shall be exercised, the company shall have the right to make such rules and regulations for the collection of debts due the company from corporations, public or private, and from individuals when the same shall have been incurred for water furnished by said company to any such corporation or individuals for the use and benefit of real estate owned or leased by them: such rules to provide by and with the consent of the State, government, or municipality that the same shall be and become a first lien against such real estate just above referred to.

Without the State of said Company shall have the power and in any foreign country, State, or municipality wherein it installs water works to accept

such guarantees from foreign municipalities as to the water of such consumption municipalities as the company shall require in the premises.

The company shall have the right to accept subsidies from foreign governments, States, or municipalities, and shall have the right to organize sub-companies for any purpose or purposes authorized by law. The said company shall have the right without the State of and without the United States and in any foreign country, by and with the consent of the government of said country, to import all materials used in the construction of plants erected by it, and to import the same free from all governmental dues and tariffs of said foreign country, provided said materials cannot be purchased therein at prices offered in other countries.

The company shall have the right to sell, assign, and transfer to any corporation or individual any or all of its property upon the consent of two-thirds of its stockholders first obtained at a meeting duly called for that purpose, said sale, assignment, and transfer to include, if the company so elect, any right, grant, franchise, and privilege at any time bestowed upon said company by any government, State, or municipality, foreign or domestic.

FORM 94. — FREIGHT AGENTS.

To engage in the business of acting as freight agents for the purpose of shipping, transporting, and forwarding goods, wares, and merchandise by land or by water.

FORM 95. — FRUIT COMPANY.

To buy, sell, import, export, and generally deal in fruits and fruit products. To buy, sell, lease, or otherwise acquire, mortgage, sell, or otherwise dispose of real estate to any amount not limited by law. To engage in the cultivation, planting, and production of fruits and agricultural products. To prepare and manufacture fruit and vegetable products and kindred goods of every class and description.

FORM 96. — FRUIT PLANTATION.

To plant, cultivate, grow, buy, sell, import, export, and generally deal in oranges, lemons, limes, pineapples, dates, figs, and all other kinds of tropical fruits. Also to plant, cultivate, grow, sell, export, and import all kinds of vegetables and berries. Also to operate and maintain packing houses and canning factories for the packing and canning of fruits, vegetables, and berries of all kinds.

FORM 97. — FUEL-SAVING MACHINES.

To manufacture, buy, sell, lease, or otherwise acquire and generally deal in smoke-preventing and fuel-saving mechanical and electrical apparatus and devices.

FORM 98. — FURNITURE.

To manufacture, prepare, produce, sell, import, export, lease, and generally deal in furniture for domestic and business uses. Also to buy, sell, import, export, and generally deal in furnishings of every class and description.

FORM 99. — GARBAGE MACHINERY.

To manufacture, buy, sell, import, export, and generally deal in street cleaning, garbage, snow removal wagons and carts and all kinds of machinery, apparatus, and appliances connected with the cleaning of streets, walks, areas, platforms, the sprinkling of streets, and the removal of garbage.

FORM 100. — GAS.

To manufacture, store, sell, distribute, and supply gas, and to operate a gas plant at . Also to construct works for holding, receiving, and distributing gas. Also to manufacture, buy, sell, export, import, and generally deal in gas

meters, pipes, stoves, burners, engines, and other appliances and conveniences necessary for the business of the company.

FORM 101. — GAS ENGINES, BURNERS, ETC.

To manufacture, buy, sell, import, export, and generally deal in gas generators and burners, hydro-carbon burners, incandescent and gasolene lamps, gas and gasolene engines, and any and all machines, articles, and devices for producing and utilizing heat and power.

FORM 102. — GINNERIES.

To erect, maintain, purchase, or otherwise acquire, operate, and maintain cotton seed oil mills and ginneries. Also, in connection therewith to produce cotton-seed oil. To buy and sell cotton seed; to manufacture, buy, sell, export, import, and generally deal in cotton seed oil, and the products and by-products of cotton seed. Also to manipulate and compound cotton-seed oil with other substances, so as to make fertilizers to be sold for fertilizing land. Also to gin and compress cotton into bales for marketing purposes or otherwise.

FORM 103. — GLASS.

To manufacture, export, import, and generally deal in window, plate, and colored glass of all kinds and descriptions. Also to manufacture, buy, sell, export, import, and generally deal in table glass ware, vases, and glass ware of all kinds and descriptions. Also to manufacture, buy, and import such crude materials as are necessary or convenient for the manufacture of glass or glass ware.

FORM 104. — GOLD AND SILVER WARE.

To manufacture, buy, sell, export, import, and generally deal in gold and silver ware, both solid and plated, of all classes and descriptions. Also to manufacture, buy, sell, export, import, and generally deal in novelties, glass ware, and fine cutlery, leather goods, and carved goods of all classes and descriptions.

FORM 105. — GRAPHITE.

To manufacture, purify, prepare, export, import, buy, sell, and generally deal in graphite and carbon of all classes and descriptions. Also to engage in the business of manufacturing, buying, selling, exporting, and generally dealing in paints, electrotyping, and kindred lines of business.

FORM 106. — HARDWARE.

To engage in business as jobbers and retailers of hardware of all kinds and descriptions. Also to buy, sell, export, import, and generally deal in railway, steamboat, manufacturers', mill, plumbers', miners', blacksmiths', steam fitters', and gas fitters' supplies. Also to buy, sell, export, import, and generally deal in sheet iron, tools, cutlery, saddlery, and saddlers' goods, round and bar iron, bar and tool steel, guns, and sporting goods of all kinds and descriptions.

FORM 107. — HOTEL COMPANY.

To build, erect, construct, lease, or otherwise acquire, manage, occupy, maintain, and operate buildings for hotel purposes, dwelling houses, apartment houses, office buildings, and other structures. To buy, own, operate, lease, and occupy lands, buildings for hotels, apartment houses, dwelling houses, office buildings, and business structures of all kinds for the accommodation of the public and of individuals. To keep, manage, conduct, and operate hotels, apartment houses, dwelling houses, restaurants, lunch and tea rooms, barber shops, billiard halls, cafés, and bars, for the accommodation of the public and of individuals.

FORM 108. — ICE.

To manufacture, sell, buy, export, import, and generally deal in machinery, tools, and devices of every character and description for the cutting or manufacture of ice. To purchase chemicals for the manufacture of artificial ice. To erect, build, purchase, lease, or otherwise acquire suitable land and plants for the manufacture and storage of ice. To engage in the business of wholesaling and retailing ice to middlemen and consumers.

FORM 109. — INSPECTION OF ELEVATORS.

To engage in the business of inspecting and repairing freight and passenger elevators in office buildings, business blocks, stores, warehouses, hotels, and apartment houses, for the protection of the owners or lessees or for insurance companies engaged in the business of guaranteeing owners or their lessees against accidents in the operation of such freight and passenger elevators.

FORM 110. — INSURANCE.

To carry on the general business of insurers of persons and property, including thereunder the transaction of a general life, fire, marine, casualty, plate glass, burglary, and guaranty insurance business.

FORM 111. — INVESTMENT.

To issue shares of stock, debenture stock, bonds, and other obligations, to invest money in, and to hold, sell, and deliver any stock, shares, bonds, debentures, debenture stock, and securities of any government, State, corporation, — public or private, — or other body corporate or otherwise. To vary the investments of the company, to make advances upon money held in trust; to issue on commission, sell, or dispose of any and all the classes of investments hereinbefore enumerated, or to act as agents or brokers in connection therewith.

FORM 112. — IRON AND STEEL

To purchase, lease, or otherwise acquire lands in any part of the world for the purpose of prospecting for iron, coal, and other ores. To mine or otherwise to remove from such lands iron, coal, and such other minerals as may be found thereon. To manufacture, buy, sell, export, import, and generally deal in iron, steel, manganese, coke, and coal. To sell and generally deal at wholesale and retail, in iron, steel, manganese, coal, coke, stone, asphaltum, wood, lumber, and other materials and the products thereof.

FORM 113. — LAMPS.

To manufacture, buy, sell, import, export, and generally deal in kerosene, electric, and gas lamps, burners, and fixtures, and devices of all kinds and descriptions.

FORM 114. — LAND AND DEVELOPMENT COMPANY.

To acquire by purchase, lease, own, hold, sell, mortgage, or encumber both improved or unimproved real estate wherever situated; to survey, subdivide, plat, and improve the same for purposes of sale or otherwise; also to construct, erect, and operate thereon houses, buildings, light and power plants, machinery, and appliances; to erect, construct, operate, and maintain telegraph and telephone lines; to furnish water power and electricity for power and lighting purposes; to construct, operate, and maintain roadways, tramways, and railways.

FORM 115. — LAUNDRY.

To build, erect, purchase, lease, equip, or otherwise acquire a suitable plant for the purpose of carrying on a general steam and hand laundry business. Also to

launder, color, dye, disinfect, mend, clean, renovate, and prepare for use personal wearing apparel, household linen, curtains, clothing, carpets, rugs, and fabrics of all kinds.

FORM 116. — LEAD COMPANY.

To purchase, lease, or otherwise acquire, to own, develop, and sell lands believed to contain lead and other minerals; also to construct, operate, and carry on works for smelting, parting, refining, or working lead or other metals.

FORM 117. — LEATHER.

To manufacture, purchase, export, import, sell, and generally deal in leather and all products thereof; also to buy and sell lands, timber, bark, lumber, and leather, both raw and manufactured, and all kinds of leather belting.

FORM 118. — LIGHT AND HEAT.

To manufacture, distribute, and sell to public and private consumers electric, gas, and oil machines, appliances, and devices suitable for the production of light, heat, and power.

FORM 119. — LOCOMOBILES.

To manufacture, construct, purchase, or otherwise acquire, deal in, sell, hire, lease, use, repair, operate, and maintain automobiles, locomobiles, autocycles, and motor vehicles, wagons, carriages and stages of every kind and character whatsoever; also all parts, devices, and instruments, appliances, engines, machinery, and things adapted for use in the construction of, upon, or in connection with or in the operation of such automobiles, locomobiles, autocycles, wagons, carriages, stages, and motor vehicles of every kind and character whatsoever; also generating and propelling apparatus, motive power and machinery therefor.

FORM 120. — LUMBER AND NURSERY.

To purchase, lease, or otherwise acquire real or personal property of every class and description; to raise, produce, buy, sell, exchange, and deal in trees, plants, shrubs, cereals, and any and all kinds of vegetable products. To do a general nursery business. To grow and produce trees and timber suitable for manufacture into lumber. To manufacture lumber, shingles, laths, staves, boxes, and barrels. To buy, lease, or otherwise acquire, maintain, and operate saw-mills and lumber yards.

FORM 121. — MACHINERY.

To manufacture, export, import, buy, sell, and generally deal in manufacturers', builders', and mill supplies, engines, machinery, and appliances; to manufacture, buy, sell, export, import, and generally deal in machinery of all kinds, classes, and description.

FORM 122. — MAGAZINES.

To prepare for publication, print, electrotype, bind, sell, and distribute magazines, newspapers, books, and publications of every class and description, and to engage generally in the business of job and book printers, bookbinders, engravers, and electrotypers.

FORM 123. — MANGANESE, ETC.

To carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging, and otherwise producing and dealing in manganese, copper, lead, zinc, brass, iron, steel, and in all kinds of ores, metals, and minerals, and in the products and by-products thereof of every kind and description; and by whatsoever process the same can be or may hereafter be produced, and generally and without limit as to amount, to buy, sell, exchange, lease, acquire, and deal in lands, mines, and mineral rights and claims, and in the above specified products, and to conduct all business appurtenant thereto.

FORM 124. — MANUFACTURING.

To purchase, lease, or otherwise acquire lands and buildings for the erection and establishment of manufactories and workshops with suitable plants, engines, and machinery. To manufacture, buy, sell, import, export, and generally deal in machinery of all classes and descriptions.

FORM 125. — MATCHES.

To manufacture, buy, sell, export, import, and generally deal in friction and safety matches of all kinds, classes, and description. Also to manufacture, sell, import, export, and generally deal in boxes and receptacles for packing and shipping matches.

FORM 126. — MECHANICAL ENGINEERS.

To carry on the business of mechanical engineers in all its various branches; also to manufacture engines, dynamos, implements, rolling-stock, and hardware of all kinds; also to engage in business as tool makers, brass founders, mill workers, boiler makers, millwrights, machinists, manufacturers of iron and steel compressors, merchants, electrical, civil, and water-supply engineers.

FORM 127. — MEDICAL COLLEGE.

To build, construct, buy, lease, or otherwise acquire, equip, maintain, and conduct a college for the purpose of giving instruction and courses of study in medicine, materia medica, clinics, therapeutics, surgery, and pathology, and in connection with the foregoing to maintain clinics, dispensaries, and hospitals; to issue to those who have pursued such courses of instruction therein as entitle them to the same, and to such as have duly completed such courses the degree of Doctor of Medicine (M.D.). Also the granting of diplomas to those who have not completed the courses necessary to obtain the degree of "Doctor of Medicine," showing the completion of such work as they may have successfully completed while in the institution.

FORM 128. — MEDICAL INSTITUTE.

To build, equip, maintain, and operate institutions for the treatment and care of the sick, young, and infirm. To furnish massage and electrical treatment of all kinds; to furnish baths of all kinds and descriptions; to operate dispensaries, chemical and physical laboratories; to furnish instruction in osteopathy, massage, medical electricity, chiropody, dermatology, and manicuring.

FORM 129. — MERCANTILE AGENCY.

To establish, maintain, and conduct a general mercantile agency in all parts of the world, and in connection therewith to secure, tabulate and distribute information, statistics, and facts relating or affecting the business, liabilities, credit, and character of individuals, firms and corporations engaged in any business in any part of the world. Also to establish, maintain, and conduct in connection therewith a collection business for the collection by presentation, suit, or otherwise of accounts, discounts, and obligations of all kinds. Also to carry on a general printing, publishing, bookbinding, and advertising business, and to prepare, sell, and distribute books, directories, reports, ratings, and other matters of interest to traders, bankers, and business men generally.

FORM 130. — MICA.

To purchase, lease, or otherwise acquire lands suitable for mining purposes, and to equip, work, excavate, develop, and mine the same; to mine, quarry, smelt, refine, dress, amalgamate, and prepare for market mica, nickel, and talc ores. To manufacture, buy, sell, import, export, and generally deal in plants, machinery, implements, and conveniences required in connection with the mining, quarrying, smelting, refining, dressing and amalgamating of mica, nickel, and talc ores.

FORM 131. — MINING. (Limited powers.)

To prospect for, locate, acquire by discovery, lease, license, option, purchase, franchise, grant, gift, devise or otherwise, hold, possess, enjoy, develop, mine, work, operate, and exploit mines, mineral lands and claims, mining rights, metalliferous lands and rights in or elsewhere. Also to carry on the business in all its various branches of mining for gold, silver, tin, lead, iron, and coal.

FORM 132. — MINING. (Full powers.)

(To the objects set forth in form 131 add the following:)

To construct, purchase, or otherwise acquire, maintain, and operate tunnels, sluices, reservoirs, and ditches for mining, irrigation, and transportation purposes. Also to purchase, lease, or otherwise acquire lands, mills, mill sites, tunnel sites, buildings, machinery, power houses, pumping plants, pump machinery, dump rights, ditch rights, flumes, pipes, pipe lines, private railways, private tramways, private roads, easements, franchises, and licenses. Also to purchase, construct, lease, or otherwise acquire, operate, and maintain electric lighting and power plants, buildings, machinery, appliances, and equipments appertaining thereto. To purchase, construct, lease, or otherwise acquire, operate, and maintain telegraph and telephone lines for the transmission of messages and sound by electricity. To furnish gas, water, electricity, power, heat, and light for mining, milling, agricultural, domestic, and other uses and purposes, and to sell, lease, or dispose of the same to such persons or corporations, and for such price or prices and on such terms and conditions as to this corporation may seem proper. To develop, sell, store, contract for, and generally deal in and dispose of to such persons or corporations, and for such price or prices and on such terms and conditions as to this corporation may seem proper, electrical and other power for the generation, distribution, and supply of electricity for mining, heating, and power purposes. To purchase, lease, or otherwise acquire, construct, and maintain plants for the purpose of extracting values from refractory ores. To purchase, treat, refine, extract, reduce, crush, calcine, smelt, concentrate, and manipulate all kinds of ores, minerals, and metalliferous substances with a view to obtaining therefrom gold, silver, tin, lead, copper, iron, and other metals, combination of metals, or other valuable substances with a view to preparing the same for market. Generally to engage in smelting, reducing, crushing, refining, milling, treating, assaying, and selling minerals and ores of all kinds, classes, and descriptions. To buy, sell, manufacture, and generally deal in machinery, blasting powder, and high explosives of every description, fuses, caps, implements, candles, and conveniences suitable for use in connection with mining and metallurgical operations. To purchase, lease, or otherwise acquire lands for the purpose of erecting thereon office buildings, plants, workshops, dwelling houses, warehouses, stores, hotels, and other buildings in connection with the foregoing purposes.

FORM 133. — MINING INVESTMENTS.

To invest in, take over, buy, sell, pledge, and exchange stock, shares, bonds, and securities of mining companies, whether incorporated under the laws of the several commonwealths or under the laws of any foreign country; to make advances upon, hold in trust, buy and sell on commission, sell or dispose of any of the investments aforesaid, or to act as auditor for any of the above or like purposes. To hold, purchase, or otherwise acquire, to sell, assign, transfer, mortgage, pledge, or otherwise dispose of shares of the capital stock, bonds, and securities issued or created by other corporations, and while the holder thereof to exercise all the rights and privileges of ownership, including the right to vote thereon. To cause or allow the legal title, estate, and interest in any property acquired, established, or carried on by the company to remain or to be vested or registered in the name of or carried on by any other company or companies, foreign or domestic, formed or to be formed, and either upon trust for or as agents or nominees of this company, or upon any other terms or conditions which the Board of Directors may consider for the benefit of

this company, and to manage the affairs or take over and carry on the business of such company or companies so formed or to be formed, either by acquiring the shares, stocks, or other securities thereof, or otherwise howsoever, and to exercise all or any of the powers of holders of shares, stocks, or securities thereof, and to receive and distribute as profits the dividends and interest on such shares, stocks, or securities. To guarantee the payment of dividends or interest on any share, stocks, debentures, or other securities issued by or any other contract or obligation of any corporation when in the judgment of its directors the same is proper or necessary for the business of the company; and provided the required authority be first obtained from the Board of Directors for that purpose. To remunerate any person or persons or corporation for services rendered or to be rendered in placing or assisting to place, or guaranteeing the placing of any of the shares of the company's capital, or any debentures or other securities of the company, or in or about the formation or promotion of the company or the conduct of its business.

FORM 134. — MINING RIGHTS.

To search for, prospect, and explore for ores and minerals, and to locate mining claims, grounds, or lodes in the United States of America or the territories thereof, or in foreign countries, and record the same pursuant to the mining laws of the said United States or other countries; and to acquire mining and mineral rights or interest therein when desirable; to mine, quarry, work, and develop mining grounds, claims, or lodes, mining and mineral rights; to crush, concentrate, smelt, refine, dress, amalgamate, and prepare for market ores, metals, and mineral substances of all kinds, and to do all other acts and things necessary or conducive to the company's objects, including the erection of buildings or works and the installing of machinery and appliances of every description whenever required; to mortgage any mining grounds, claims, or lodes, mining and mineral rights, or other property belonging to said company, and to issue bonds of the company whenever it may be determined so to do. To purchase, acquire by lease, license, or otherwise mining grounds, claims, or lodes, mining and mineral rights, concessions or grants, or any interest therein, and to obtain patents therefor when desirable. To buy, sell, and deal in ores and minerals, plants, machinery, tools, implements, groceries, provisions, clothing, boots and shoes, furnishing articles, hardware, wooden and metallic ware, with all other articles and things in any wise required or capable of being used in connection with mining operations, and to make and manufacture such articles when required. To construct, carry out, maintain, improve, equip, manage, control, and superintend any roads, ways, private railways, private tramways, bridges, reservoirs, water courses, aqueducts, wharves, piers, docks, bulkheads, furnaces, mills, crushing, concentrating, and smelting works, hydraulic works, factories, dwelling houses, and warehouses; to purchase vessels or other means of transportation, except railroads other than private railroads, and equip and operate the same as required for the uses and purposes of the company, and also to do any other acts and things relating to mining.

FORM 135. — MORTGAGE AND TRUST.

To issue, secure, or offer for sale stocks, bonds, mortgages, and other obligations; to invest for individuals or corporations any stocks, bonds, mortgages, debentures, and securities of any government, state, corporation, — public or private, — and to vary the investments of the company. To transfer, register, and countersign certificates of stock, bonds, receipts, or other evidences of indebtedness. To act as agent of any corporation, domestic or foreign, public or private. To act as trustee under any deed of trust, mortgage, bond, or other instrument issued by any municipality, body politic or corporate, person, or association, and to accept and execute any business in relation thereto. To act as registrar of stocks, bonds, certificates, and debentures, and as transfer agent of any corporations or individuals. To act as resident agent for domestic or foreign corporations. (See also Form 202.)

FORM 136. — MOTOR CARS.

To manufacture, buy, sell, import, export, and generally deal in all kinds of automobiles, motors, engines, machines, and all kinds of machinery and devices for the operation of steam, electricity, and other forms of power. To manufacture, buy, sell, export, import, and generally deal in cars, carriages, wagons, engines, apparatus, and vehicles of every kind and description for the transportation of passengers and goods. To manufacture, buy, sell, import, export, and generally deal in machinery, machine supplies, and engineering appliances incidental to the construction of motor cars.

FORM 137. — MOTOR COMPANIES.

To manufacture, buy, sell, export, import, and generally deal in motors run and operated by water, steam, or electricity, including the manufacturing, buying, selling, importing, exporting, and generally dealing in any and all kinds of motors and other parts and materials entered into or used in the manufacture and operation of the same, and generally to carry on the manufacturing and selling of any articles or specialties, patented or otherwise, which can be carried on in conjunction with any of the matters aforesaid in or upon the premises of the company, and for that purpose to purchase, lease, or otherwise acquire and sell real and personal property, including all necessary machinery adapted to such apparatus.

FORM 138. — MUSICAL INSTRUMENTS.

To manufacture, buy, sell, import, export, and generally deal in musical instruments of all kinds, classes, and description. Also to purchase, print, publish, and sell vocal and instrumental sheet music.

FORM 139. — NEWSPAPERS.

To engage in business as proprietors and publishers of newspapers to be printed at the City of State of and to be known as " ," and in connection therewith to carry on the business of job printing, engravers, publishers, lithographers and electrotypers.

FORM 140. — NICKEL.

To prospect for, acquire, lease, and develop lands containing or believed to contain nickel and other ores, coal, or oil. Also to mine, mill, reduce, smelt, manufacture, and prepare for market nickel and other wares and all or any products thereof.

FORM 141. — NOVELTIES.

To manufacture, buy, sell, import, export, and generally deal in novelties of every class and description, whether patented or otherwise. To engage generally in buying, selling of goods, wares, and merchandise of every class and description.

FORM 142. — OIL AND PETROLEUM.

To locate, purchase, lease, or otherwise acquire lands, mines, mineral claims, water rights and franchises, mill sites, timber lands, limestone quarries, and particularly lands containing or believed to contain petroleum and other oil springs and deposits; to carry on the business of searching for, prospecting, preparing, producing, refining, piping, storing, transporting, supplying, buying, selling, manufacturing, and distributing petroleum and other oils and their products and by-products. To construct, build, operate, and maintain oil wells, refineries, buildings, machinery, plants, stores, and warehouses. To handle, store, transport, and prepare for market oils and oil products and by-products, and to erect, maintain, and operate refineries, mills, works, laboratories, workshops, and dwelling houses for workmen and others. To search for, prospect, examine, refine, smelt, reduce, crush, concentrate, manipulate, and treat gold, silver, lead, copper, iron, and minerals of every class and description. To manufacture, buy, sell, import, export, and generally deal in machinery,

pumps, drills, fuses, caps, candles, implements, and conveniences suitable for use in connection with the oil or mining business.

FORM 143. — OIL AND PIPE LINE COMPANY.

To purchase, lease, or otherwise acquire lands, mineral and oil rights and privileges in the State of . Also to purchase, lease, or otherwise acquire in the State of and other parts of the world, lands containing or believed to contain petroleum or other oil spring deposits. Also to store and transport oil, gas, brine, and other mineral solutions, and to make reasonable charges therefor. To buy, sell, and furnish oil and gas for lighting, heating, and other purposes. To lay down, construct, maintain, and operate pipe lines, tubes, tanks, pump stations, connections, fixtures, storage houses, and such machinery, apparatus, and devices as may be necessary to operate such pipes and pipe lines between various points. Also, wherever permitted by law, to have right and power to enter upon rights of way, easements, properties of all persons and corporations, and to have the right to lay its pipes and pipe lines across and under any public road, railroad, right of way, street railroad, canal, or stream. To lay its pipe and pipe lines across and under any street or alley in any incorporated city or town, with the consent and under the direction of the proper authorities of such cities or towns. Also to carry on the business of producing, refining, and storing petroleum products, vegetable and mineral oils.

FORM 144. — PAINTS.

To manufacture, buy, sell, import, export, and generally deal in paints and painters' supplies.

FORM 145. — PAPER.

To engage in business as manufacturers and dealers in paper, and paper substitutes of all kinds. Also to buy, sell, export, import, and generally deal in wall paper, wood pulps, and all kinds of materials useful or necessary in the manufacture of paper.

FORM 146. — PASSENGER AND BAGGAGE TRANSFER.

To engage in the business of transfer for hire within the city of (or between certain designated cities) passage, baggage, and freight. Also to purchase, lease, or otherwise acquire carriages, coupés, hansoms, automobiles, baggage, express and mail wagons, carts, and drays. Also to purchase horses, barns, and warehouses in order to facilitate the carrying on of the above lines of business. Also to store and care for all kinds of vehicles, trunks, and personal property of every description in connection therewith. To operate and maintain one or more barns, warehouses, and storerooms.

FORM 147. — PATENT MEDICINES.

To manufacture, buy, sell, export, import, and generally deal in patent medicines, formulæ, and preparations of every kind, class, and description. Also to carry on the business of chemists, druggists, chemical manufacturers and dealers in pharmaceutical and medicinal preparations. Also to prepare, buy, sell, export, import, and generally deal in mineral waters, liquors, and prepared foods.

FORM 148. — PATENTS.

To establish, conduct, and carry on the business of buying, selling, and otherwise dealing in improvements, trade marks, trade names, and any letters patent, registration, or grants, both domestic and foreign, whether issued by the United States or any foreign country or government. To apply for, procure, and obtain any and all necessary letters patent or grants, both foreign and domestic, for all inventions, improvements, and secret processes for the account and in the name of

the corporation, or as the agent for any person, firm, or corporation. To exploit and develop any and all such inventions, improvements, trade marks, and processes by establishing in this or any foreign country any and all necessary plants, factories, and machinery for the manufacture of patent articles of any class, nature, or description.

FORM 149. — PHONOGRAPHS.

To manufacture, buy, sell, export, import, lease, or otherwise acquire, invest, and generally trade in sound-reproducing machines, talking machines, and records for such machines, and all appurtenances thereto, together with all rights, patents, and improvements thereon, now held or hereafter to be obtained by purchase or otherwise, including all necessary machinery adapted for such purposes.

FORM 150. — PHOTOGRAPHY.

To carry on a general photographic business in all its various branches within the city of . To purchase, lease, or otherwise acquire the necessary chemicals, screens, drugs, cameras, and apparatus for the taking, developing, and finishing of all kinds of photographs. To purchase, sell, and generally deal in cameras, photographic supplies, pictures, picture-frames, prints, drugs, chemicals, and supplies necessary or useful in the taking, development, and printing of photographs.

FORM 151. — PIANOS.

To manufacture, buy, sell, import, export, and generally deal in pianos, organs, and all kinds of musical instruments. To sell and lease musical instruments and any and all parts thereof. To manufacture, buy, sell, import, export, and generally deal in all kinds of machinery, supplies, implements, appliances, substances, and materials incidental to or entering into the manufacture of pianos, organs, and musical instruments. To purchase or otherwise acquire any interest in and to patents, brevets d'invention, licenses, concessions, and the like conferring an exclusive or non-exclusive or limited right or any secret or other information as to any invention in relation to musical instruments of any kind.

FORM 152. — PIPE FOUNDRY.

To manufacture, buy, sell, export, import, and generally deal in all kinds of pipe castings and fittings.

FORM 153. — PLANTATION COMPANY.

To engage in the buying, selling, raising, importing, and exporting of fruit and vegetable products. To cultivate, plant, produce, buy, sell, and raise all kinds of vegetable products. To do a general importing and exporting business by and between domestic and foreign ports, and also a general coastwise business to domestic ports.

FORM 154. — PLUMBERS' SUPPLIES.

To manufacture, export, import, buy, sell, and generally deal in all kinds of plumber supplies, including lead, steel, and copper, pipe, traps, sheet lead, solder, and iron. Also brass, wood, marble, or other earthenware material or supplies necessary or convenient in carrying on the aforesaid business.

FORM 155. — POTTERY.

To manufacture, buy, sell, import, export, and generally deal in all kinds of pottery, tile, and earthen products.

FORM 156. — POULTRY.

To engage in the business of raising, selling, and preparing for market all poultry and eggs. To purchase, lease, or otherwise acquire land, buildings, and necessary equipment for the carrying on of the aforesaid business. To buy and sell chicken food and incubators. To buy, sell, import, export, and generally deal in poultry and poultry products of every kind, class, and description. To hatch, breed, and raise, either by natural means or incubators, poultry of every kind, class, and description. To buy and sell chickens, ducks, geese, and guinea fowls. To print, publish, and distribute magazines and literature of every class and description.

FORM 157. — PUBLISHERS.

To engage in business as proprietors and publishers of newspapers, journals, and magazines. To acquire, print, publish, conduct, or otherwise deal with any newspaper, magazine, books, or other publications; to carry on the business of newspaper and magazine proprietors and publishers. To carry on the business of job printers, lithographers, electrotypers, engravers, and advertising agents.

FORM 158. — QUARRY.

To acquire, mine, cut, finish, buy, sell, import, export, and generally deal in marble, and all kinds of building and paving stones. Also to acquire by purchase, lease, or otherwise lands believed to contain marble, building and paving stone.

FORM 159. — RAILWAY EQUIPMENT.

To buy, lease, or otherwise acquire, construct, maintain, and operate smelters, rolling mills, carriages, machine shops, furnaces, crushing works, and hydraulic works of every class and description; to manufacture, buy, sell, import, export, and generally deal in all kinds of rails, ties, switches, signals, torpedoes, fuses, engines, and supplies for railroads and street railways; to manufacture, buy, import, export, and generally deal in iron, steel, aluminum, manganese, lead, zinc, tin, copper, and lumber.

FORM 160. — REAL ESTATE. (City.)

To purchase, lease, or otherwise acquire, sell, and exchange lands, tenements, and hereditaments situated in the city of and vicinity; also to build, construct, reconstruct, alter, furnish, equip, and maintain thereon offices, apartment houses, business blocks, buildings, shops, and structures of all kinds for others on commission or otherwise. Also to manage business blocks, apartment houses for owners, and to guaranty the income thereof, and to collect rents therefrom, and to supply to tenants and others janitor service, light, heat, and power appliances, messenger and elevator service. Also to assist financially or otherwise contractors and builders engaged in the business of building or improving any lands wherever situated.

FORM 161. — REALTY.

To buy, sell, exchange, and generally deal in real properties, improved and unimproved, office buildings, store buildings, dwelling houses, barns, wharves, water rights and privileges; to build, construct, operate, maintain, lease, and sell dwelling houses, apartment houses, and business blocks of all kinds and descriptions. To maintain a general real estate agency and broker's business, including the right to manage estates, to act as agent, broker, or attorney in fact for any person or corporation; to make and obtain loans upon real estate, improved or unimproved, and to supervise, manage, and protect such property and loans, and all interests and claims affecting the same; to have the same insured against fire and other casualties; to investigate the credit, financial solvency and sufficiency of borrowers, mortgagors, and sureties upon bonds, mortgages, and undertakings. To improve,

manage, operate, sell, mortgage, lease, or otherwise dispose of any property, real or personal, and take mortgages and assignments of mortgages upon the same.

FORM 162. — REDUCTION COMPANY.

To buy, lease, or otherwise acquire, construct, maintain, and operate plants of every nature and description, for the purpose of extracting refractory ores and minerals of every description.

FORM 163. — REFINERIES.

To buy, lease, or otherwise acquire lands containing or believed to contain petroleum, natural gas, oil springs, or mineral deposits; to carry on the business of producing, refining, storing, supplying, and distributing petroleum products of all classes and description; to refine, store, distribute, and sell vegetable and mineral oils; to purchase or otherwise acquire, lease, construct, operate, and maintain refineries, mill works, laboratories, pipe lines, storage tanks, dwelling houses for workmen and others in connection with the purposes hereinbefore set forth.

FORM 164. — RESTAURANTS.

To purchase, lease, own, and operate restaurants and lunch stands in the city of . Also to buy and sell cigars and liquors.

FORM 165. — RUBBER COMPANY.

To acquire by purchase, lease, exchange, or otherwise lands, tenements, hereditaments, and property of every class and description, for the planting, cultivation, and growing of rubber trees, and for the purpose of producing, buying, exporting, importing, selling, and generally dealing in rubber, and the articles and goods of all kinds of which rubber is a component part, together with the various materials which enter into the manufacture of such goods. To carry on the business of planters. To purchase, or otherwise acquire, manufacture, prepare for market, export, import, and sell any products or by-products of rubber, and to sell, dispose of, and generally deal in the same, either in their prepared, manufactured, or raw state, both at wholesale and retail.

FORM 166. — SALT.

To manufacture, buy, sell, export, import, and generally deal in salt and the products thereof. Also to acquire by purchase, lease, or otherwise lands believed to contain salt and other minerals.

FORM 167. — SANITARIUMS.

To build, construct, purchase, lease, or otherwise acquire, equip, and maintain sanitariums for the treatment and care of the sick, disabled, and infirm. To maintain in connection therewith dispensaries, hotels, and training schools for nurses.

FORM 168. — SAUCES AND PICKLES.

To manufacture, buy, sell, import, export, and generally deal in sauces, catsups, relishes, pickles, and garnishing supplies; to buy, lease, or otherwise acquire, construct, maintain, and operate sauce and pickle factories, cold-storage receptacles, warehouses, and depots. To raise vegetables and fruits of all classes and descriptions.

FORM 169. — SAW-MILLS.

To purchase, lease, or otherwise acquire timber-lands, tracts, and rights. To buy, sell, export, import, boom, saw, and prepare for market, and generally deal in timber and wood of all kinds. Also to manufacture, buy, sell, export, import, and generally deal in all kinds of goods and articles manufactured from wood, and generally to carry on business as saw-mill proprietors, timber and lumber dealers.

FORM 170. — SCALING.

To scale steam boilers, bilges, water tanks, and kindred articles; to clean and furnish shafts and tunnels; to build wells and kindred articles, and to do all kinds of repair work; to build, repair, own, buy, and sell scaling works and shops of every nature and description; to manufacture, buy, sell, import, export, and generally deal in engines, boilers, shop machinery, fixtures, and supplies, and all kinds of heavy hardware.

FORM 171. — SEPARATORS.

To manufacture, buy, sell, import, export, and generally deal in separating machines of all kinds, classes, and description; to buy, lease, or otherwise acquire, construct, operate, and maintain factories, workshops, warehouses, and depots for the manufacture of separating machines.

FORM 172. — SEWING MACHINES.

To manufacture, buy, sell, import, export, and generally deal in sewing machines of all kinds, and all tools and appliances appertaining thereto.

FORM 173. — SHEEP.

To carry on in all its branches a general live stock and stock raising farm and range business; to buy, sell, breed, raise, export, import, and generally deal in sheep, cattle, horses, poultry, and all kinds of domestic animals. To buy, lease, or otherwise acquire, construct, maintain, and operate slaughter-houses, factories, stock yards, and to carry on a dairy business in all its several branches.

FORM 174. — SHIP BUILDING.

To build, prepare, operate, sell, and charter steamships, sailing vessels, boats, and canoes of all kinds, together with all appliances and machinery entering into or convenient for the construction or operation of the same. Also to manufacture, buy, sell, export, import, and generally deal in ropes, cables, windlasses, capstans, tackle, and tarpaulins of all kinds and descriptions.

FORM 175. — SILK.

To manufacture, produce, export, import, buy, sell, and generally deal in silk and other fabrics; to raise silkworms and cocoons, and deal in each and all of the products thereof; to manufacture, buy, sell, import, export, and generally deal in cocoon yarn, thread, and other like material, and to spin, weave, and handle the same and deal with other fabrics. To plant, raise, buy, and sell cotton plants and convert the same into fabrics. To plant and raise mulberry trees and other silkworm foods.

FORM 176. — SLATE AND TILE.

To manufacture, buy, sell, export, import, and generally deal in slate, stone, tile, brick, marble, and building materials of all kinds and descriptions.

FORM 177. — SLAUGHTER-HOUSES.

To raise and purchase cattle, hogs, and sheep for the purpose of fattening the same for food purposes. Also to carry on the business of maintaining and operating slaughter-houses for the purpose of slaughtering cattle, hogs, and sheep. To operate and maintain stock yards, cold-storage plant, and warehouses. To buy and sell hay, oats, bran, corn, alfalfa and other grains, grasses, and cereals. Also to engage in the manufacture and production of hides, oil, glue, and animal fertilizers of all kinds and descriptions.

FORM 178. — SLOT MACHINES.

To manufacture, buy, sell, import, export, and generally deal in slot machines of whatsoever name and nature; to manufacture, buy, sell, import, export, and generally deal in all articles, apparatus, plants, and machinery useful in or which may be used in connection with the foregoing described business or any of its branches.

FORM 179. — SOAP.

To manufacture, buy, sell, import, export, and generally deal in soap for toilet and domestic use. Also to purchase all materials suitable or necessary for the proper manufacture of soap.

FORM 180. — STATIONARY ENGINES.

To manufacture, construct, purchase, or otherwise acquire, deal in, sell, hire, lease, use, repair, operate, and maintain stationary engines and engines or power applying machinery and devices of any and every character, and any and all parts, devices, appliances, instruments, and things adapted for use in the construction of, upon, or in connection with or in the operation of such stationary engines and engines or power applying machinery and devices of any and every character.

FORM 181. — STATIONERS.

To engage in business as stationers, printers, electrotypers, lithographers, engravers, bookbinders, booksellers, and paper dealers.

FORM 182. — STEAMBOATS.

To buy, lease, or otherwise acquire, construct, maintain, and operate steamboats and other vessels of any class; to establish and maintain lines of regular service of steamboats and other vessels to be employed in inland or coastwise service in the United States and between the ports of the United States and foreign countries. To carry on the business of shipowners, and to enter into contracts for the carriage of mails, passengers, goods, and merchandise by any means, either by its own vessels, railways, or conveniences or by or over the vessels, railways, or conveniences of others. To insure against loss by fire, flood, or other calamity the cargo carried or transported upon the company's steamboats or other vessels, and upon such steamboats and vessels themselves. To buy, lease, or otherwise acquire, construct, maintain, and operate wharves, piers, docks, warehouses, and depots; to manufacture, buy, sell, and generally deal in all kinds of materials, articles, machinery, engines, boilers, and furniture entered into or suitable or convenient for the construction, equipment, and operation of steamboats and other vessels; to design, construct, and repair vessels, ships, boats, wharves, docks, dry docks, and piers. To carry on the business of cold-storage warehouse and any business incidental or impliedly incidental thereto. To issue certificates, negotiable or otherwise, to persons warehousing goods with the corporation, and to make advances or loans upon the security of such goods or otherwise.

FORM 183. — STEEL LATH AND FIREPROOFING COMPANY.

To manufacture, sell, import, export, and generally deal in all kinds of sheet-steel lath suitable for the fireproofing of buildings and structures of every kind and description; to manufacture, sell, import, export, and generally deal in sheet iron and steel of all kinds and description; to carry on the business of contractors and builders in all the various branches of said business.

FORM 184. — STEEL MANUFACTURE. (Part of charter of U. S. Steel Corporation.)

To mine, prepare for market, and transport coal, iron, steel, and all mineral substances. To manufacture, buy, sell, deal in and deal with iron, steel, copper, man-

ganese, lumber, and other materials, and all or any articles consisting or partly consisting of iron, steel, copper, wood, or other materials, and all or any products thereof. To acquire, own, lease, occupy, use, and develop any lands containing coal or iron, manganese, stones, or other ores or oil, and any woodlands or other lands for any purpose of the company. To mine or otherwise extract or remove coal, ore, stone, and other minerals and timber from any lands owned, acquired, leased, or occupied by the company, or from any other lands. To buy, sell, or otherwise deal or traffic in iron, steel, manganese, copper, stone, ores, coal, coke, wood, lumber, and other materials and any of the products thereof, and any articles consisting or partly consisting thereof. To promote, construct, divide, acquire, approve, manage, develop, control, take on lease or agreement, sell and use, work and dispose of any roads, sidings, private railways, pipe lines, wharves, docks, bridges, reservoirs, canals, water courses, hydraulic works, gas works, electrical works, mills, foundries, furnaces, warehouses, ships, buildings, buildings for employees and others, and other works and appliances. To construct, lease, own, operate, and sell transportation rights by land or water in any State or country subject to the laws thereof, either directly or through the ownership of stock in any corporation. To manufacture, purchase, lease, acquire, and own goods, wares, and merchandise and personal property of every class and description. To hold, own, sell, and otherwise dispose of, trade, deal in, and deal with the same. To acquire and undertake the good will, property, rights, franchises, and assets of every kind and the liabilities of any person, firm, or association, either wholly or partly, and to pay for the same in cash, stock, or bonds of the company or otherwise. To the extent permitted by the local laws of any State or foreign country where the property may be situated, the company may cause or allow the legal title, estate, and interest in any property, or business acquired or carried on by the company to remain or be vested or registered in the name of or carried on by an individual, or to be operated by another company or companies, foreign or domestic, formed or to be formed, and either upon trust for or as agents of this company or upon any other terms and conditions which the board of directors may consider for the benefit of this company, to manage the affairs so taken over. To carry on the business of such company or companies so formed or to be formed, either by acquiring the stock or other securities thereof, and acquire all or any of the powers of holders of shares, stock, or securities thereof, and receive and distribute dividends on such stock, shares and securities.

FORM 185. — STEREOPTICON MACHINES.

To manufacture, construct, buy, sell, import, export, and generally deal in stereopticon machines, whether automatic or otherwise, of all kinds and description; and in connection therewith to buy, sell, lease, or otherwise acquire suitable stores, space in expositions and fairs, and concessions of all kinds.

FORM 186. — STEVEDORES.

To carry on business as stevedores in the city of and vicinity, and in connection therewith to buy and sell trucks, wheelbarrows, hoisting machinery, apparatus, donkey-engines, draft animals and all kinds of appliances necessary, useful, or convenient to the proper transaction of the business of stevedores.

FORM 187. — STOCK BROKERS.

To buy, sell, negotiate, exchange, pledge, trade, and deal in and with shares, stocks, debentures, scrip, bonds, and securities of any government, state, or public or private corporation or any corporate body; to trade and deal in and with real estate, mines, metals, minerals, and oil, cotton, grain, produce, or other commodities; to invest in any or either of the foregoing, and from time to time to change the investments of the company; to mortgage, pledge, or otherwise charge all or any part of the investments of the company or its property and rights; to make advances on, sell or dispose of, any property or investments, or to act as agent,

factor, or broker for any or either of the corporate purposes. To purchase or otherwise acquire the capital stock, shares, debentures, scrip, bonds, or other evidences of indebtedness of any other corporation, and to issue in exchange its own stock, shares, bonds, debentures, scrip, or other evidences of indebtedness in payment therefor, and while the owner thereof to exercise all the rights of ownership, including the power to vote upon such stock or shares. To purchase, receive, hold, and own mortgages, debentures, shares, and other securities or obligations of any public, private, or municipal corporation, or bonds or other securities or obligations of the government of the United States, or of any State, district, territory, colony, or dependency of the United States or any foreign country, State, or colony; to collect and receive, disburse and dispose of, all interest, dividends, accumulations, earnings, and income from, upon, or on account of any bonds, debentures, stocks, shares, securities, contracts, evidences of indebtedness, obligations, or other property held or owned by the corporation therein; to do any and all lawful acts tending to increase or enhance the value of the property of the company. To issue stock, shares, bonds, debentures, certificates, scrip, or other corporate obligations and to secure the payment thereof by mortgage, pledge, or deed of trust of or upon the whole or any portion of the corporate property or funds; to sell, pledge, or otherwise dispose of bonds, debentures, or other corporate obligations for proper and lawful purposes, as and when the Board of Directors shall deem necessary, advisable, or expedient; to promote the corporate business of investment and dealing in securities in all lawful ways; and to receive, collect, transmit, pay out, and disburse funds in the course of its business; and to the extent authorized by law to lease, purchase, or otherwise acquire, hold, use, sell, trade, and deal in and with, assign, pledge, mortgage, transfer, and convey real and personal property of any name or nature; to issue and accept drafts, bills of exchange, promissory notes, scrip, drafts, acceptances, or other corporate obligations and negotiate the same.

FORM 188. — STORAGE BATTERIES.

To manufacture, buy, sell, export, import, and generally deal in electrical storage batteries, machineries, and appliances for the storage of electricity for the purposes of furnishing power for business or domestic purposes.

FORM 189. — SUGAR REFINERIES.

To plant, cultivate, grow, produce, manufacture, buy, sell, export, import, and generally deal in sugar. Also to purchase, lease, or otherwise acquire sugar lands and plantations, refineries, buildings, mills, and machinery. To plant, cultivate, produce, and raise sugar cane. Also to carry on the business of refining, preparing, buying, selling, importing, exporting, and generally dealing in sugar cane, sugar mills, and syrups.

FORM 190. — SURGICAL INSTRUMENTS.

To manufacture, buy, sell, and deal in surgical, chemical, electrical, and scientific instruments and proprietary articles of every class and description.

FORM 191. — TAILORS.

To carry on the business of tailoring and dealing in cloth and clothes and all kinds of gents' furnishing goods.

FORM 192. — TANNERIES.

To construct, build, maintain, operate one or more tanneries in the State of . Also to buy, sell, import, export, and generally deal in hides, skins, raw and finished, and leather of all classes and description. Also to purchase, sell, lease, or otherwise acquire lands, timber, and bark required for the operation of the aforesaid line of business.

FORM 193. — TAR MANUFACTURING.

To purchase, lease, or otherwise acquire lands for the erection and establishment of a manufactory or manufactories and workshops with suitable plants, engines, and machinery, with a view to manufacturing, purchasing, leasing, or otherwise dealing in coal tar, and each and every by-product of coal tar, utilizing the same in any condition, connection, or form whatsoever; to manufacture, purchase, lease, export, import, and generally deal in coal tar and any by-product thereof, and any materials, articles, and things required for, or in connection with or incidental to the manufacturing thereof.

FORM 194. — TELEGRAPH AND TELEPHONE COMPANIES.

To acquire, manufacture, buy, sell, and generally deal in telegraph and telephone instruments, machines, and apparatus; to construct, erect, build, operate, and maintain telegraph and telephone stations for the transmission and reception of messages by electricity, wire or wireless instruments; to receive and transmit messages by signal or other device and by any and all other electrical devices and contrivances from, upon, and by wire or wireless instruments and any and all similar, kindred, and like instruments and devices; to transmit and receive messages for hire over, upon, and by wire and wireless systems, of telegraphing and telephoning by any and all systems and devices for transmitting and receiving messages. To buy, build, or cause to be built, operate and maintain stations for the transmission and reception of telegraph and telephone messages by means of wire or wireless systems; to carry on the business of transmitting and receiving messages from such stations. To acquire and hold lands, property, and buildings necessary or useful in the conduct of the business of telegraph and telephone companies under wire and wireless systems, and in connection therewith to manufacture and construct machinery, instruments, apparatus, wires, and any and all other materials and articles used with or pertaining to telegraph and telephone lines.

FORM 195. — THEATRES.

To construct, purchase, lease, or otherwise acquire theatres, concert halls, and amusement places of all kinds and descriptions. Also to carry on the business of theatrical proprietors, and music hall proprietors. Also to manage theatrical, concert hall, and vaudeville companies of all kinds, classes, and description. Also to engage and employ actors, singers, dancers, athletic, theatrical, and musical artists of all kinds. Also to purchase, own, produce, and present, and to license others to produce and present, theatrical plays, operas, and exhibitions of various kinds.

FORM 196. — THREAD.

To manufacture, buy, sell, import, export, and generally deal in cotton, linen, silk, and wool threads of all classes and description; to produce cotton, flax, hemp, silk, wool, and other materials suitable or convenient for the manufacture of thread. Also to manufacture, buy, sell, export, import, and generally deal in flax, spools, bobbins, boxes, labels, and all kinds of machines and tools necessary or useful in the manufacture of threads.

FORM 197. — TOBACCO.

To plant, grow, cultivate, cure, and manufacture tobacco. To export, import, and generally deal in leaf and fine cut tobacco, cigars, cheroots, and cigarettes. Also to purchase, lease, or otherwise acquire, to construct, maintain, and operate, tobacco factories, wholesale agencies, and depots for the curing, storing, manufacture, and sale of tobacco, cigars, cheroots, cigarettes, and smokers' supplies. Also to buy, sell, import, export, and generally deal in pipes, cigar and cigarette holders, cigar cutting machines, and smokers' supplies of all kinds.

FORM 198. — TRADING STAMP COMPANY.

To design, manufacture, print, and engrave premium stamps, tickets, or coupons, and to use, sell, or otherwise dispose of the same to merchants, manufacturers, or to any person, firm, copartnership, or corporation, for distribution or sale by them to their customers; to exchange such stamps, tickets, or coupons for goods, chattels, wares, and merchandise; to co-operate and contract with merchants, manufacturers, copartnerships, corporations, or other persons for the purpose of furnishing them with premium stamps, tickets, or coupons for their customers, and to give them goods, chattels, wares, and merchandise in exchange for such premium stamps, tickets, or coupons; to carry on a general advertising business in all its branches, both as principals and agents; to carry on the business of printers, stationers, engravers, designers, and dealers in paper; to establish and conduct a general store for the sale or exchange of goods, chattels, wares, and merchandise of any and every class and description.

FORM 199. — TRAIN CONTROL.

To manufacture, buy, sell, import, export, install, maintain, and generally deal in railroad switches, train-controlling devices, signals, and equipment; to manufacture, buy, sell, export, import, and generally deal in iron, steel, manganese, coke, copper, lumber, and all or any articles consisting or partly consisting of iron, steel, copper, wood, or other materials, and all or any products thereof; to acquire by purchase or otherwise land or buildings, mills, plants, machinery, secret processes, or other things found necessary or convenient for the purposes of the company. To manufacture or purchase, or both, all tools, machinery, and appliances necessary, proper, or convenient for the carrying on of the said business.

FORM 200. — TRANSPORTATION COMPANY.

To carry on the business of engaging, receiving, transporting, and delivering merchandise upon freight or for hire, between any port of the United States and any other port or ports of the United States, or between any foreign port or ports and any port or ports of the United States; the business of owning or chartering vessels therefor; the business of operating vessels in such service; the business of contracting or arranging for the transportation of merchandise to or from any of such ports by rail, boat, or otherwise, or to any inland or coastwise place or places. To enter into contracts for the carriage of mails, passengers, goods, and merchandise by any means, either by its own vessels, railways, or conveyances, or by or over the vessels, railways, or conveyances of others; to construct, purchase, and operate steamships and other vessels of any class, and generally carry on the business of shipowners; to construct bridges, buildings, and machinery, engines, cars, and other equipments, railroads, ships, elevators, viaducts, canals, and water ways, and any other means of transportation, and to sell the same or otherwise to dispose thereof, or to maintain and operate the same. To gather, receive, distribute, and deliver goods and merchandise, and to carry on a general transportation, freight, and express business, and to that end to own and operate its own vessels, cars, and vehicles of whatsoever nature or description, or to contract with transportation, railway, express, and other companies for the use of their vessels, cars, and vehicles of whatsoever nature or description, by this company, or to contract with said companies for the collection, transportation, or distribution of goods, wares, and merchandise to and from all points and places where it may seem advantageous and profitable to carry on such business. To carry on the business of storage, wharfage, warehousing, and forwarding, and the doing of every act or acts, thing or things, incidental or growing out of or connected with said business, including the owning, leasing, holding, erecting, and maintaining of docks, bulkheads, piers, basins, and warehouses; the storage of all kinds of goods, wares, and merchandise; the storage and docking of ships, steam vessels, and boats of every kind and description; the loading and unloading thereof; the issue of storage, dock, and ware-

house receipts, negotiable and non-negotiable, covering all kinds of goods, wares and merchandise; the collection and receipt of dockage, wharfage, and storage dues and other compensation; the loaning of money on the pledge of goods, wares, and merchandise and other property, or on the pledge of storage, dock, or warehouse receipts therefor; and the advancing of freights, duties, fire and marine insurance, and liens of every kind and nature upon goods, wares, and merchandise received on storage or for the purpose of being warehoused.

FORM 201. — TROPICAL TRADING COMPANY.

To buy, sell, import, export, manufacture, and generally deal in timber of all kinds and descriptions; to manufacture, prepare, sell, and generally deal in cabinet and other woods; to build, maintain, and operate mills, saw-mills, flour-mills, and factories to be operated by steam, electricity, or other power; to buy, sell, and generally deal in lands; to establish, maintain, and operate plantations; to produce, manufacture, purchase, market, export, import, and generally deal in rubber, chickle gum, tobacco, coffee, fruits, grain, live stock, and any and all kinds of tropical and sub-tropical products.

FORM 202. — TRUST COMPANY.

To act as trustee for individuals and corporations, to receive deposits, issue foreign and domestic bills of exchange, and generally to engage in a banking business in all its various branches. To carry on and undertake any business, undertaking, transaction, or operation commonly carried on or undertaken by capitalists, promoters, financiers, contractors, merchants, commission men and agents, and in the course of such business to draw, accept, endorse, acquire, and sell all or any negotiable or transferable instruments and securities, including debentures, bonds, notes, and bills of exchange. To sell on commission, subscribe for, acquire, hold, sell, exchange, and deal in shares, stock, bonds, obligations, or securities of any public or private corporation, government, or municipality, and the company shall have express power to hold, purchase, or otherwise acquire, to sell, assign, transfer, mortgage, pledge, or otherwise dispose of, shares of the capital stock, bonds, debentures, or other evidences of indebtedness created by any corporation or corporations, and while the owner thereof to exercise all the rights and privileges of ownership, including the right to vote thereon. To form, promote, and assist financially or otherwise companies, syndicates, partnerships, and associations of all kinds, and to give any guarantee in connection therewith or otherwise for the payment of money, or for the performance of any obligation or undertaking. To acquire, improve, manage, work, develop, and exercise all rights in respect of, lease, mortgage, sell, dispose of, turn to account and otherwise deal with property of all kinds, and in particular business concerns and undertakings. To act as fiscal agent for persons, firms, and corporations. To buy or otherwise acquire, to own, hold, mortgage, pledge, sell, assign, and transfer or otherwise dispose of, and to invest, trade, and deal in any goods, wares, merchandise, and property of every class and description, including patents and patent rights, inventions, or other improvements, trade marks, options, shares, or rights in corporations, real property of any description, including mines, railroads, and also bonds, mortgages, securities of any kind or description or other evidences of indebtedness, and investments or investment securities of any kind or description whatever, to act as agent for the sale or purchase of any of the same, or for any other purpose connected with any of the said above described powers; to promote corporate enterprises of any kind, including industrial enterprises, railroads, mines, real estate companies, banking institutions, and all businesses or enterprises in which the company is interested; to endorse, underwrite, or guarantee stock, securities, or undertakings of any corporation or persons. To raise money by the issue of shares or otherwise, and to invest the moneys so raised in the purchase of, or otherwise to acquire and hold, any of the investments following, that is to say, any stocks, bonds, debentures, shares, scrip, or securities issued or having any guarantee by any government, municipality, trust, local authority, or

other body, incorporated or unincorporated, public or private, of the United States, or any stock, bonds, debentures, shares, scrip, or securities issued or having any guarantee by any corporation or company incorporated, constituted, or carrying on business in the United States or elsewhere. To borrow or raise money by the issue or sale of any bonds, mortgages, debentures, or debenture stock of the company, and to invest any money so raised in any such investments as aforesaid. To acquire any such investments as aforesaid by original subscription, underwriting, participation in syndicates or otherwise, and whether or not fully paid up, and to make payments thereon as called for, or in advance of calls or otherwise, and to underwrite or subscribe for the same conditionally or otherwise, either with a view to investment or for resale or otherwise, and to vary the investments of the company and generally to sell, exchange, or otherwise dispose of, deal with, and turn to account any of the assets of the company. To negotiate loans, to offer for public subscription, or otherwise aid or assist in placing any such investments as aforesaid; to give any guarantee in relation to any such investments issued by or acquired through the company or otherwise. To offer for public subscription any shares or stock in the capital, debentures, or debenture stock or other securities of, or otherwise to establish, promote, or concur in establishing or promoting, any company, association, undertaking, public or private body. To guarantee the payment of dividends or interest on any stock, shares, debentures, or other securities issued by, or any other contract or obligation of, any such company, association, undertaking, or public or private body. To purchase, lease, hire, or otherwise acquire real and personal property, improved and unimproved, of every kind and description, and to sell, dispose of, lease, convey, and mortgage said property, or any part thereof; to acquire, hold, lease, manage, operate, develop, control, build, erect, maintain for the purposes of said company, construct, reconstruct, or purchase, either directly or through ownership of stock in any corporation, any lands, buildings, offices, stores, warehouses, mills, shops, factories, plants, gas houses, machinery, rights, easements, permits, privileges, franchises, and licenses, and all other things which may at any time be necessary or convenient in the judgment of the board of directors for the purposes of the company. To sell, lease, hire, or otherwise dispose of the lands, buildings, or other property of the company or any part thereof. To hold, purchase, or otherwise acquire, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, shares of the capital stock and bonds, debentures, or other evidence of indebtedness created by any other corporation or corporations, and while the holder thereof to exercise all the rights or privileges of ownership, including the right to vote thereon.

FORM 203.—TURBINE ENGINES.

To manufacture, construct, purchase, or otherwise acquire, deal in, export, import, sell, hire, lease, use, repair, operate, and maintain ships, vessels, yachts, launches, torpedo boats, tug-boats, and boats and vessels of any and every character, and any and all parts, devices, instruments, engines, machinery, materials, appliances, and things whatsoever adapted to be used in the construction of, upon, or in connection with or in the operation of ships, vessels, yachts, launches, torpedo boats, tug-boats, and boats and vessels of any and every character; also to equip such ships, vessels, yachts, launches, torpedo boats, tug-boats, and boats and vessels of any and every character.

FORM 204.—TYPESETTING MACHINES.

To manufacture, buy, sell, import, export, and generally deal in machinery for the setting of type, together with all tools, implements, and conveniences necessary or useful in connection therewith.

FORM 205.—TYPEWRITERS.

To carry on the business of manufacturing, buying, selling, leasing, operating, and distributing writing machines, typewriters, typewriter materials, appliances,

fixtures, and other materials and articles connected with or in any wise relating to the manufacture, sale, or use of writing machines and typewriters; to establish, maintain, and operate manufactories, agencies, and depots for the manufacture, purchase, sale, exchange, delivery, and distribution of writing machines, typewriters, typewriter appliances, and supplies; to purchase, lease, or otherwise acquire, buy, sell, assign, and revise; to use or otherwise dispose of any patents, inventions, discoveries, or rights used or employed in the business of manufacturing, buying selling, or using of writing machines, typewriters, and typewriter supplies.

FROM 206. — VALVE COMPANY.

To manufacture, buy, sell, import, export, and generally deal in valves, engines, boilers, tools, and machinery of all kinds, classes, and description, and in connection therewith to purchase, lease, or otherwise acquire lands and buildings for the erection of an establishment thereon, and manufactories and workshops with necessary plants, engines, machinery, and structures thereon.

FORM 207. — VARNISH REMOVER.

To manufacture, buy, sell, import, export, and generally deal in chemical or other products or processes for the removal of varnish and kindred products.

FORM 208. — WAREHOUSERS.

To carry on the business of warehousing in all of its branches; to receive on consignment or otherwise, to store, sell, and distribute goods on commission or other basis; to export, import, and otherwise deal in goods, wares, and merchandise of all classes and description; to issue warehouse receipts, certificates, and circulars, negotiable or otherwise, to persons warehousing goods, wares, or merchandise with the company; to make advances on loans by way of mortgage, pledge, or deposit of warehouse receipts upon the security of the goods, wares, or merchandise stored with the company or otherwise.

FORM 209. — WATCHES, JEWELRY, AND DIAMONDS.

To buy, sell, manufacture, export, import, and generally deal in jewelry, watches, and diamonds; to buy, lease, or otherwise acquire, maintain, and operate jewelry stores; to carry on the business of wholesale and retail dealers, watch manufacturers, and diamond merchants.

FORM 210. — WATER, LIGHT, POWER, AND TRACTION COMPANY.

To purchase, acquire, hold, lease, manage, control, and operate, and to sell, lease, and dispose of to such person or persons, corporation or corporations, and for such price or prices, and on such terms and conditions, as to this corporation may seem proper, water, water rights, power, privileges and appropriations, for mining, milling, agricultural, domestic, and other uses and purposes; and to develop, control, generally deal in, and dispose of to such person or persons, corporation or corporations, and for such price or prices, and on such terms and conditions as to this corporation may seem proper, electrical and other power for the generation, distribution, and supply of electricity for light and heat, and for any other uses and purposes to which the same are adapted. To acquire, construct, own, enlarge, maintain, and operate water works, and to supply municipalities and corporations with water and water power, and to acquire, erect, maintain, construct, and enlarge all necessary dams, buildings, plant, machinery, fixtures, and apparatus of every sort for supplying municipalities, corporations, and individuals with water and water power for all purposes, and to carry on the business incidental thereto, including the purpose of acquiring, constructing, enlarging, maintaining, and operating water works pumping stations, light and power plants, in any city or town in any State of the United States, the District of Columbia, or in any part of the world. To carry on the

business of electricians, mechanical engineers, manufacturers, workers and dealers in electricity, motive power, heat, and light, and any business in which the application of electricity or any power, like or otherwise, is or may be useful, convenient, or ornamental, or any other business of a like nature, and to manufacture and produce, trade, and deal in and deal with any article belonging to any such business, and all apparatus, appliances, and things used in connection therewith, or with any inventions or patents; to produce and accumulate electricity and electro-motive force, or other agency, similar or otherwise, and to supply the same for the production, transmission, or use of power for lighting, heating, and motive purposes or otherwise as may be thought advisable; to construct, maintain, and operate works for the supply and distribution of electricity for light, heat, and power; to acquire by purchase or otherwise, to use, operate, and equip subways, conduits, and ducts, and to obtain, accept, and use all permits, and also franchises, municipal or otherwise; to purchase or otherwise acquire and to sell, work, or otherwise deal with land, water, water power, water power supplies, equipment, and works; to undertake, construct, acquire, and carry on works of all kinds relating to any business of the company, and to enter into such contracts and make such arrangements as may be necessary to carry out the same.

FORM 211.—WATER HEATERS.

To manufacture, buy, sell, import, export, and generally deal in water heaters for domestic and business uses, and in connection therewith to manufacture, buy, sell, import, export, and generally deal in engines, boilers, water pipes, and plumbers' supplies of all classes and description.

FORM 212.—WATER WORKS.

To construct, purchase, lease, or otherwise acquire, maintain, operate, and sell water works for the purpose of supplying manufactories, corporations, and individuals with water and water power for domestic or business use. Also to construct, purchase, lease, or otherwise acquire, maintain, and sell all necessary power houses, water towers, water-mains and pipes, convenient for the carrying on of the aforesaid line of business.

FORM 213.—WEIGHING MACHINES.

To manufacture, buy, sell, import, export, lease, operate, and generally deal in weighing machines; to apply for, acquire, by purchase or otherwise, patents pertaining to weighing machines, and to sell or lease the same, together with territorial rights in such patents for weighing machines.

FORM 214.—WHARF AND WAREHOUSE.

To purchase, lease, or otherwise acquire lands and riparian rights of all classes and description. Also to construct, purchase, lease, or otherwise acquire docks, wharves, piers, warehouses, and public scales.

FORM 215.—WOOLLEN AND WORSTED.

To manufacture, buy, sell, import, export, and generally deal in woollen and worsted goods and other fabrics manufactured and sold by other concerns engaged in the same general line of business.

FORM 216.—YARN MILL.

To engage in the business of manufacturers of yarn goods, and in connection therewith to carry on the business of weavers, silk combers, and yarn spinners. Also to purchase, sell, weave, or otherwise manufacture linen cloths and other fabrics.

GENERAL OBJECT CLAUSES.

GENERAL TRADING CLAUSE.

To manufacture, export, import, buy, sell, and generally deal in goods, wares, merchandise, and property of every class and description.

GENERAL PURCHASING CLAUSE.

To purchase, lease, or otherwise acquire all kinds of personal property which the corporation may deem necessary or convenient for the purposes of its business.

REAL ESTATE CLAUSE.

To purchase, lease, or otherwise acquire real estate, improved or unimproved, without limit as to amount, in any State or Territory of the United States or foreign country.

PATENT AND TRADE MARK CLAUSE.

To apply for, acquire, buy, sell, assign, lease, pledge, mortgage, or otherwise dispose of letters patent of the United States or of any foreign country, and all or any rights, territorial or otherwise, thereunder. To apply for, acquire, hold, sell, assign, lease, mortgage, or otherwise dispose of patent rights, licenses, privileges, inventions, trade marks, trade names, and pending applications therefor, relating to or useful in connection with any business of the corporation. To use, manufacture, or grant licenses under any letters patent owned or controlled by the company, and to expend money in experimenting upon and testing the validity or value of any patent rights the company may acquire or proposes to acquire.

ACQUIRING AN ESTABLISHED BUSINESS.

To acquire by purchase or otherwise property, real or personal, and the good will, rights, and assets of all kinds under such terms and conditions as may be deemed advisable, of any person, firm, or corporation, and to pay for the same in cash, stock, — common or preferred, — bonds, or other securities of the corporation.

HOLDING STOCK IN OTHER CORPORATIONS.

To subscribe for, purchase, or otherwise acquire, and hold with the same rights of ownership therein as may be permitted to natural persons, the shares, bonds, and obligations of any corporation organized under the laws of any State, Territory, district, or colony of the United States or of any foreign country.

CONDUCTING BUSINESS IN OTHER STATES.

To conduct its business in all its branches, and to have one or more business offices, and without restriction to contract, buy, sell, lease, mortgage, and convey such real and personal property in any of the States, Territories, districts, or colonial possessions of the United States and any foreign countries as shall from time to time be found necessary and convenient for the purposes of the company's business.

ACQUISITION OF COMPANY'S OWN STOCK.

The corporation may donate any or all of its surplus earnings or accumulated profits to the purchase or acquisition of its own capital stock from time to time as its board of directors shall determine, and such capital stock so purchased may, if

the directors so determine, be deposited in the treasury of the company as treasury stock, to be thereafter disposed of as such treasury stock for the purpose of procuring working capital for the company.

BOND CLAUSE.

To issue bonds to any amount authorized by law for the purpose of securing funds for corporate purposes, and to secure the payment of the same by mortgage or deed of trust upon the whole or any part of the real and personal property of the company at any time held by it.

AUTHORIZING THE ISSUANCE OF PROMOTION STOCK.

To remunerate any person, firm, or corporation for services rendered or to be rendered in selling, pledging, or guaranteeing the disposal of any of the shares of the capital stock of the company, or of any bonds or other securities of the company that may from time to time be issued.

POWER TO DISPOSE OF ALL CORPORATE PROPERTY.

The board of directors shall have the power and authority to sell, assign, mortgage, convey, or otherwise dispose of all the property and assets of the corporation on such terms and conditions as they shall prescribe whether for cash or property or stock and bonds in other corporations.

(I.) GENERAL PURPOSE CLAUSE.

To do and perform every act and thing necessary to carry out the above enumerated purposes in other States and jurisdictions which like corporations organized under the law of such States and jurisdictions may lawfully do or cause to be done therein.

(II.) GENERAL PURPOSE CLAUSE.

To foster, protect, and promote the business welfare and interests of persons engaged in the business of and its product, and for the protection and encouragement of such business by combining against impositions, fraud, and oppression therein.

(III.) GENERAL PURPOSE CLAUSE.

To carry on any and all kinds of manufacturing and commercial, mercantile, mechanical, trading, mining, or real estate business.

MISCELLANEOUS GENERAL OBJECT CLAUSE.

The objects and purposes for which and for any of which this corporation is formed are, to do any or all of the things herein set forth to the same extent as natural persons might or could do, viz.:

To manufacture, purchase, or otherwise acquire, to hold, own, mortgage, pledge, sell, assign, and transfer, or otherwise dispose of, to invest, trade, deal in and deal with goods, wares, and merchandise, and real and personal property of every class and description; and in particular, lands, buildings, business concerns and undertakings, mortgages, shares, stocks, debentures, securities, concessions, produce, policies, book debts and claims, and any interest in real or personal property, and any claims against such property, or against any person or company, and to carry on any business, concern, or undertaking so acquired.

To acquire the good-will, rights and property, and to undertake the whole or any part of the assets and liabilities, of any person, firm, association, or corporation, and to pay for the same in cash, stock, or bonds of this corporation or otherwise.

To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage, or otherwise dispose of letters patent of the United States or any foreign country,

patents, patent rights, licenses and privileges, inventions, improvements, and processes, trade-marks and trade names, relating to or useful in connection with any business of this corporation.

To enter into, make, perform, and carry out contracts of every kind, for any lawful purpose, without limit as to amount, with any person, firm, association, or corporation.

To draw, make, accept, endorse, discount, execute, and issue promissory notes, bills of exchange, warrants, and other negotiable or transferable instruments.

To issue bonds, debentures, or obligations of this corporation from time to time, for any of the objects or purposes of the corporation, and to secure the same by mortgage, pledge, deed of trust, or otherwise.

To purchase, hold, and reissue the shares of its capital stock.

To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey, or otherwise dispose of real and personal property of every class and description in any of the States, districts, Territories, or colonies of the United States, and in any and all foreign countries, subject to the laws of such State, district, Territory, colony, or country.

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of this corporation.

CLAUSES REGULATING BUSINESS.

(I.) CLASSIFICATION OF DIRECTORS.

The directors shall be divided as equally as possible into classes, to be known as directors of the first, second, third classes, etc. The terms of office of director of the first class shall expire on the first Monday of , 190 , and the second class on the first Monday of , 190 , etc.

(II.) CLASSIFICATION OF DIRECTORS.

The board of directors of the company shall be divided into three classes, each consisting of such number of members of the board as the by-laws may prescribe. Each class shall be designated by a number, as Classes I., II., and III., and shall be divided numerically as equally as possible. The members of one class shall retire each year, but no retirement of any class shall take place before the annual meeting of the company, to be held on the of in the year 190 . On that date the directors belonging to Class I. shall cease to hold office, and their successors shall be elected at said annual meeting, to hold office for a period of three years thereafter and until their successors shall have been elected and qualified. At the annual meeting of the company to be held for the year 190 directors belonging to Class II. shall cease to hold office, and their successors shall be elected at such annual meeting, to hold office for a period of three years thereafter and until their successors shall have been elected and qualified.

At the annual meeting of the company to be held in the year 190 directors belonging to Class III. shall cease to hold office, and their successors shall be elected at such annual meeting to hold office for a period of three years thereafter and until their successors shall have been elected and qualified. The foregoing rotation in office on the part of each class of directors to continue until the stockholders of the company at any annual meeting shall otherwise determine.

(III.) FORM FOR CLASSIFICATION OF DIRECTORS.

The members of the board of directors shall be classified with respect to their length of term of office, by dividing them into classes, each consisting of of the whole number of the board of directors.

The directors of the first class shall be elected for a term of one year, and the directors of the second class for a term of two years, and the directors of the third class for a term of three years, etc.

At each annual election the successors of the class of directors whose terms shall expire in that year, shall be elected to hold office for a term of years, so that the term of office of one class shall expire each year.

POWER TO ADOPT AND ALTER BY-LAWS.

The board of directors shall have power, without any action on the part of the stockholders, to make, alter, amend, or repeal by-laws for the corporation.

AUTHORITY OF DIRECTORS TO ISSUE BONDS.

The directors and officers of the company are authorized to make and issue bonds — either secured by mortgage or trust deed or otherwise — at such times and in such amounts as to them shall be deemed advisable.

TO ISSUE STOCK AND BONDS IN EXCHANGE FOR REAL AND PERSONAL PROPERTY.

The company may at any time, through its board of directors, issue its capital stock or its corporate bonds in exchange for or in the purchase of real or personal property, or for services performed for the use and benefit of the corporation, in such amounts as to said board of directors shall appear advisable in the premises. And the judgment of said board of directors in appraising the value of said real and personal property or of said services, in consideration of which such stock or bonds shall have been issued, shall be conclusive as to the value thereof.

LIMITATIONS ON THE RIGHT OF THE BOARD OF DIRECTORS TO MORTGAGE AND PLEDGE.

Unless otherwise authorized, by votes given in person or by proxy by stockholders holding at least two-thirds of the capital stock of the company, which is represented and voted upon in person or by proxy at a meeting specially called for that purpose, or at an annual meeting, the board of directors shall not mortgage or pledge any property of the company, or any shares of the capital stock of any other corporation owned by it; but this prohibition shall not be construed to apply to the execution of any purchase money mortgage or any other purchase money lien.

EXAMINATION OF BOOKS BY STOCKHOLDERS.

Except where otherwise provided by law, the board of directors shall have the power to determine under what conditions and regulations, and at what times and places, the accounts and books of the corporation shall be opened to the inspection of stockholders.

CUMULATIVE VOTING.

The by-laws shall provide that at all elections of directors each stockholder shall be entitled to cast as many votes as shall equal the number of shares of stock held by him, multiplied by the number of directors to be elected and they shall further provide that such stockholder shall have the right if he so desires to cast all of such votes for a single director or distribute them among the number to be voted for or any two of them as he may see fit.

FIRST MEETING OF INCORPORATORS.

The first meeting of the corporation shall be called by a notice signed by a majority of the incorporators named in the certificate of incorporation, designating the time, place, and purpose of the meeting; and such notice shall, at least two weeks before the time of any such meeting, be published three times in some newspaper of the county where the corporation may be established or have its principal place of business; or said first meeting may be called without such publication of notice if two days' notice thereof be personally served on all the parties named in the certificate of incorporation, or if the parties named in the certificate of incorporation shall, in writing, waive notice and fix a time and place of meeting, then no notice or publication thereof whatever shall be required of such first meeting.

HOLDING STOCKHOLDERS' MEETINGS WITHOUT THE DOMICILIARY STATE.

To maintain an office without the State of (here name the domiciliary State), at the city of , State of , and any meetings of incorporators, directors, or stockholders of this company may be held at either of said offices or places of business, and the books of this corporation may be kept at either of said offices or places of business, and any incorporator or stockholder entitled to be present and to vote at any organization or stockholders' meetings may be represented and vote at such meeting by proxy in writing.

EXECUTIVE COMMITTEE (GENERAL FORM).

The board of directors may, by means of a resolution adopted by a majority of the whole board at a meeting duly called for that purpose, designate directors to constitute an executive committee, which committee shall have and exercise all the powers and rights of the full board of directors in the management of the business and affairs of the corporation.

EXECUTIVE COMMITTEE CLAUSE (NEW YORK).

An executive committee may be appointed by or from the board of directors in such manner and subject to such regulations as may be provided in the by-laws, which committee shall have and exercise all the powers of said board during the intervals between the meetings of said board which may be lawfully delegated to them, subject to such limitations as may be provided in the by-laws or by resolutions of the board. The board of directors shall determine the compensation of the members of the executive committee and of the board.

POWER TO PLACE STOCK IN VOTING TRUST.

Any stockholder may, by an agreement in writing, transfer his stock to any person, for the purpose of vesting in him the right to vote thereon for a time not exceeding five years, upon terms and conditions set forth in such agreement; and such transferees shall in all things act, during the time limit of such agreement in such manner and by such part of their number as it shall provide, and shall exercise such discretion in formulating or carrying out policies and plans of action as may be granted to them in such agreement, and may elect one or more of their number directors of the corporation.

POWER TO PLACE TITLES IN INDIVIDUALS.

If deemed desirable (and to the extent permitted by the local laws of each State and foreign country where the property may be situated, and subject always to such local laws) the company may cause or allow the legal title, estate, and interest in any property or business acquired, established, or carried on by the company to remain or be vested, or registered in the name of or carried on by an individual or by any other company or companies, foreign or domestic, formed or to be formed, and either upon trust for, or as agents or nominees of, this company, or upon any other terms or conditions which the board of directors may consider for the benefit of this company, and manage the affairs or take over and carry on the business of such company or companies so formed or to be formed, either by acquiring the shares, stock, or other securities thereof or otherwise howsoever, and exercise all or any of the powers of holders of shares, stocks, or securities thereof, and receive and distribute as profits the dividends and interests on such shares, stocks, and securities.

"SAFETY CLAUSE" FOR THE BENEFIT OF PROMOTERS, INCORPORATORS, AND DIRECTORS.

To authorize and permit any or all of the promoters, incorporators, or directors of the company, notwithstanding their relations — official or otherwise — to it, to enter into, negotiate, consummate, and perform any contract or agreement of any name or nature between the company and themselves, or any or all of the individuals from time to time constituting the board of directors of the company, or any firm or corporation in which any such director, promoter, or incorporator may be interested directly or indirectly, whether such individual or individuals, firm, or corporation thus contracting with the company shall thereby derive personal or corporate profit or benefits, or otherwise; the intent hereof being to relieve each and every person who may be or become a promoter, incorporator, or director of the company from any disability that might otherwise exist of contracting with the company for the benefit of himself, or of the copartnership or corporation in which he may be in any wise interested.

LIMITATION ON AMOUNTS OF DIVIDENDS.

No dividends upon the capital stock of the company in excess of per cent upon the entire amount thereof at any time outstanding shall at any time be declared except upon the written consent of the holders of record of a majority of the stock at such time outstanding, and not more than one such dividend of per cent shall be declared in any one year except upon such written consent.

LIMITATION ON LIABILITY OF ORIGINAL SUBSCRIBERS TO CAPITAL STOCK.

The subscribers hereto, and each other subscriber for the stock of the company, shall at all times be liable for the purchase price of stock for which he subscribed until per cent of the par value thereof has been paid thereon, but after the payment of said per cent the subscriber shall no longer be liable for any unpaid part of his subscription excepting upon such shares as shall stand of record on the books of the company in the subscriber's name at the time a call or assessment is made; but the holders of such shares of record on the books of the company, and they only, shall be liable for the same.

RIGHTS OF SHAREHOLDERS TO PARTICIPATE IN PURCHASE OF NEW STOCK ISSUE.

The board of directors shall, before the issue of any new shares of the capital stock, determine that the same, or any part thereof, shall be offered in the first instance to all of the then stockholders in proportion to the amount of the capital

stock held by them, or make any other provision as to the issue and allotment of the new shares; but in default of any such determination, or so far as the same shall not extend, the new shares may be dealt with as if they formed part of the shares in the original capital stock of the company.

POWER TO DIRECTORS TO FIX WORKING CAPITAL.

The board of directors shall have power from time to time to fix and to determine and to vary the amount of the working capital of the corporation, to determine whether any, and if any, what part of any, accumulated profits shall be declared as dividends and paid to the stockholders; to determine the time or times for the declaration and the payment of dividends; and to direct and to determine the use and disposition of any surplus over and above the capital stock paid in; and in its discretion the board of directors may use and apply any such surplus or accumulated profits in purchasing or acquiring its bonds or other obligations, or shares of the capital stock of the corporation, to such extent and in such manner and upon such terms as the board of directors shall deem expedient; but shares of such capital stock so purchased or acquired may be resold, unless such shares have been retired for the purpose of decreasing the capital stock of the corporation to the extent authorized by law.

FORM FOR CLAUSE IN CHARTER PROVIDING FOR ISSUANCE OF INTERIM CERTIFICATES IN LIEU OF CERTIFICATES OF CAPITAL STOCK.

"The Board of Directors may, upon the payment of the capital stock of this Company, either in whole or in part, in the manner above set forth, issue against the money so paid, or the stock or bonds or real or personal property transferred to the Company, or against the services rendered to the Company, non-transferable interim certificates, which shall read in substance as follows, to wit:

This is to certify that on or before the day of , 190 , or before, at the option of the Board of Directors of the Company, the holder hereof will receive shares of the full-paid and non-assessable capital stock of the to be issued only upon the surrender of this certificate, properly endorsed by the above-named holder or his legal representatives. This certificate entitles the holder thereof to voting powers in said Company, equal to the number of shares named above, and further entitles the holder thereof to all the rights and privileges of a stockholder therein to the number of shares set forth, and further entitles the holder above named to all dividends that are declared upon said Company stock prior to said , 190 , save and excepting that this certificate shall not be transferred or assigned, prior to , 190 , save and excepting upon the written consent of all or a majority of the Executive Committee of the Company provided for in Section hereof.

This certificate certifies further that it is issued by said Company and accepted by the holder thereof, subject at all times to the terms and conditions hereinbefore set forth.

Witness the seal of the Company and the signatures of its duly authorized officers, affixed this day of , 190 ."

PROVISION FOR INTERIM CERTIFICATES IN LIEU OF CERTIFICATES OF STOCK.

The board of directors of the company may at any time after organization and before any certificates of stock have been issued to any stockholder, or at any time, by and with the consent of all the stockholders provide by resolution from and after the date of the passage thereof, that in lieu of certificates of stock there shall be issued to all stockholders in, or to all subscribers for the capital stock of , a corporation, "interim certificates," which shall state, over the signature of the president

and the of the corporation, the amount of stock in the company to which the holder of said certificate may be entitled, together with a statement that such certificate is non-transferable for a period of years thereafter, and that at the expiration of said period, or sooner if the board of directors of said company shall so elect, the holder thereof will receive the number of shares of stock in the corporation named in said "interim certificate," said shares of stock so issued to be full paid and non-assessable, and deliverable only on the surrender of said "interim certificate," by the party therein named, or in case of his death by his heirs, executors, or administrators. Said certificate shall further provide that the holder thereof shall be entitled to voting powers in the corporation equal to the number of shares of stock for which said "interim certificate" is issued, and shall further entitle the holder thereof to all the rights and privileges possessed by stockholders in corporations of a similar character, save and excepting that the said certificates shall not be transferable, nor shall the holders thereof be entitled to demand as of right the exchange thereof for an equal amount of stock in the company, until the expiration of the period limited in said certificate for that purpose.

POWER TO BORROW.

To borrow money, to make and issue its bonds payable to bearer or otherwise, and with or without interest coupons attached or drafts or notes for the same, or for any debts or obligations incurred by it or for any of the purposes of the corporation, and to secure the same by mortgage or deed of trust on all of its works, property, and franchises or any part thereof.

(I.) LIEN ON STOCK FOR INDEBTEDNESS OF THE COMPANY.

The corporation shall at all times have a first lien on all the shares of its stockholders and on dividends declared thereon for any and all indebtedness of such stockholders to the corporation.

(II.) LIEN ON STOCK FOR INDEBTEDNESS DUE COMPANY.

The corporation shall have a first lien on all shares of preferred stock of the registered holder thereof, and on all dividends declared thereon, for any and all indebtedness of such stockholder to the corporation, whether secured, whether due and payable, or not due and payable at the time when the corporation shall seek to enforce such lien, and whether such indebtedness to the corporation accrued before or after such stockholder became a stockholder of the company, and such lien shall continue until such indebtedness shall be paid in full, and such stock shall not be transferred on the corporation's books until such indebtedness shall be paid in full.

(I.) REMOVAL OF DIRECTORS.

Any director, whether elected by the stockholders, or named in the certificate of incorporation, or elected or appointed by the board of directors to fill vacancies in said board, may be removed at any time by the affirmative vote of a majority of the stockholders of the corporation, cast at a meeting thereof duly called for that purpose.

(II.) REMOVAL OF OFFICERS.

Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the whole board of directors. Any other officer or employee of the company may be removed at any time by vote of the board of directors, or by any committee or superior officer upon whom such power of removal may be conferred by the by-laws or by a vote of the board of directors.

POWER TO CONTRACT AND TO ACQUIRE REAL AND PERSONAL ESTATE.

To contract and be contracted with, to purchase, hold, and grant such real and personal estate as the purposes of the corporation shall require, and all other real estate which shall have been *bona fide* conveyed or mortgaged to the said corporation, or for its benefit, by way of security or in satisfaction of debts, or purchased at sales upon judgment or decree obtained for such debts, and to mortgage or pledge or convey by way of deed of trust, or otherwise encumber any such real or personal estate as is mentioned in this section, together with the franchises of such corporation in whole or in part. The power to hold real and personal estate shall include the power to take the same by gift, devise, or bequest

POWER TO APPOINT ADDITIONAL OFFICERS.

The board of directors may appoint not only other officers of the company, but also one or more vice-presidents, one or more assistant treasurers, and one or more assistant secretaries; and to the extent provided in the by-laws the persons so appointed respectively shall have and may exercise all the powers of the president, of the treasurer, and of the secretary respectively.

TO LEND MONEY AND TO BECOME SECURITY FOR PERSONS OR CORPORATIONS.

To lend money, or to extend credit, or to become security for individuals, firms, and corporations with whom the company may have business dealings in the line of carrying out the purposes for which the corporation was organized, whenever and in such amounts as to the board of directors of this company may deem advisable in the premises.

TO GUARANTEE DIVIDENDS.

To guarantee the payment of dividends on the capital stock, or of interest on the notes or bonds of any other corporation engaged in cognate or allied lines of business, whenever in the judgment of a majority of the board of directors of this corporation such a guaranty shall seem proper or necessary for the business of the corporation.

PARTNERSHIP CLAUSE.

To enter into partnership with one or more persons or corporations for the purpose of carrying on in conjunction with them lines of business of the character hereinbefore specified.

GENERAL CLAUSE PRESCRIBING POWERS OF BOARD OF DIRECTORS.

1. To hold their meetings, to have one or more offices, and to keep the books of the company within or without the State of , at such places as may be from time to time designated by them; but the company shall always keep at its principal and registered office in a transfer book in which the transfers of stock can be made, entered, and registered, and also a stock book containing the names and addresses of the stockholders and the number of shares held by them respectively, which said transfer book and stock book shall be at all times during business hours open to the inspection of stockholders in person.

2. To determine from time to time whether, and if allowed, when, and under what conditions and regulations, the accounts and books of the company (other than the stock and transfer books), or any of them, shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

3. To make, alter, amend, and rescind the by-laws of this company, to fix the amount to be reserved as working capital, to authorize and cause to be executed

mortgages and liens upon the real and personal property of the corporation, provided always, that a majority of the whole board concur therein.

4. With the consent in writing, and pursuant also to the affirmative vote of the holders of a majority of the stock issued and outstanding, at a stockholders' meeting duly called for that purpose, to sell, assign, transfer, or otherwise dispose of the property of the company as an entirety, provided always that a majority of the whole board concur therein.

5. By a resolution passed by a majority vote of the whole board under suitable provision of the by-laws to designate two or more of their number to constitute an executive committee, which committee shall for the time being, as provided in said resolution or in the by-laws, have and exercise all the powers of the board of directors which may be lawfully delegated in the management of the business and affairs of the company, and shall have power to authorize the seal of the company to be affixed to all papers which may require it.

The company may use and apply its surplus earnings or accumulated profits authorized by law to be reserved to the purchase or acquisition of property, and to the purchase or acquisition of its own capital stock from time to time, to such extent and in such manner and upon such terms as its board of directors shall determine; and neither the property nor the capital stock so purchased and acquired, nor any of its capital stock taken in payment or satisfaction of any debt due to the corporation, shall be regarded as profits for the purpose of declaration or payment of dividends, unless otherwise determined by a majority of the board of directors or a majority of the stockholders.

To divide corporate assets in specie among the stockholders without dissolution.

The corporation may, with the unanimous consent of all its stockholders, first obtained at a meeting duly convened for that purpose, distribute any or all of the corporate property among such stockholders in proportion to their prospective holdings.

POWER TO MAKE CONTRACTS.

To make and enter into contracts pertaining to the business of the company in all parts of the United States and in foreign countries; also to apply for, obtain, accept, and utilize franchises and concessions from governments, States, and municipalities, in connection with the carrying out of the general purposes for which the company is organized.

PROVISION MAKING STOCK NON-ASSESSABLE.

The capital stock of the corporation, after the same shall have been fully paid in, in accordance with the statutes of this State in such case made and provided, either in cash, or in property or services, shall be and hereby is made forever exempt from all liability for the corporate debts and obligations of the company, and there shall thereafter be no individual liability thereon as to the holders thereof.

COMMON LAW POWERS.

1. To have succession by its corporate name, for the time stated in the certificate of incorporation, and when no period is limited, it shall be perpetual.

2. To sue and be sued, complain and defend, in any court of law or equity.

3. To make and use a common seal and alter the same at pleasure.

4. To hold, purchase, and convey real and personal estate, and to mortgage any such real and personal estate with its franchises; the power to hold real and personal estate, except in the case of religious corporations, shall include the power to take the same by devise or bequest.

5. To appoint such officers and agents as the business of the corporation shall require, and to allow them suitable compensation.

6. To make by-laws not inconsistent with the Constitution or the laws of the United States or of this State, fixing and altering the number of its directors for the management of its property, the regulation and government of its affairs, and

for the qualification and transfer of its stock, with penalties for the breach thereof not exceeding twenty dollars.

7. To wind up and dissolve itself, or to be wound up and dissolved in the manner prescribed by law.

8. In addition to the powers above enumerated, this corporation, its officers, directors, and stockholders shall possess and exercise all the powers and privileges expressly conferred by law upon all corporations of its general character, and the powers expressly given in its charter or in its certificate under which it was incorporated, so far as the same are necessary or convenient to the attainment of the objects set forth in such charter or certificate of incorporation; and shall be governed by the provisions and be subject to the restrictions and liabilities established by law for the government of business corporations in this State.

PREFERRED STOCK CLAUSES.

(I.) PREFERRED STOCK CLAUSES (Short Form).

The capital stock of the company shall consist of shares of common stock of the par value of $ per share, and shares of preferred stock of the par value of $ per share. The rights of holders of preferred stock shall be set forth, and determined by the by-laws to be adopted by the corporation at its organization meeting. Such parts of said by-laws as relate to the rights of preferred stockholders shall not thereafter be altered, amended, or rescinded without the consent of all of said preferred stockholders.

(II.) PREFERRED STOCK CLAUSE (Short Form).

The holders of preferred stock shall be entitled to non-cumulative dividends thereon at the rate of, but not to exceed, per cent for each and every fiscal year of the company, payable out of any and all surplus or net profits of the company annually, semiannually, or quarterly, as and when declared by the board of directors. In the event of dissolution or liquidation of the corporation, the holders of the preferred stock shall be entitled to receive the par value of their preferred shares out of the assets of the corporation before anything shall be paid thereon to the holders of the common stock. The holders of the preferred stock shall be entitled to voting powers in the corporation, in all respects the same as appertain to the holders of the common stock.

(III.) PREFERRED STOCK CLAUSES.

The holders of preferred stock shall be entitled to cumulative (or non-cumulative) dividends thereon at the rate of, but not to exceed, per cent for each and every fiscal year of the company payable out of any and all surplus or net profits annually (semi-annually or quarterly), and when declared by the board of directors. In the event of dissolution or liquidation of the corporation the holders of the preferred stock shall be entitled to receive the par value of their preferred shares out of the assets of the corporation before anything shall be paid thereon to the holders of the common stock. The holders of preferred stock shall (not) be entitled to (any) all voting powers in the corporation. The preferred stock shall be subject to redemption at the option of the corporation at any time after the day of , 190 , at the price of $ for each share, and the amount of dividends cumulated and unpaid thereon at the date of redemption.

The holders of preferred stock shall have the right at any time to convert the same into common stock of the corporation by presenting the same to the treasurer of the corporation for cancellation, and shall then be entitled to receive forthwith an amount of common stock equal to the par value of the preferred stock so tendered for purposes of conversion into common stock.

(IV.) PREFERRED STOCK CLAUSE (Long Form).

From time to time the preferred stock and the common stock may be increased according to law, and may be issued in such amounts and proportions as shall be determined by the Board of Directors, and as may be permitted by law.

The holders of the preferred stock shall be entitled to receive when and as declared, from the surplus or net profits of the corporation, yearly dividends at the rate of per centum per annum, and no more, payable quarterly on dates to be fixed by the By-Laws. The dividends on the preferred stock shall be cumulative, and shall be payable before any dividends on the common stock shall be paid or set apart; so that, if in any year dividends amounting to per centum shall not have been paid thereon, the deficiency shall be payable before any dividends shall be paid upon or set apart for the common stock.

Whenever all cumulative dividends upon the preferred stock for all previous years shall have been declared and shall have become payable, and the accrued quarterly instalments for the current year shall have been declared, and the Company shall have paid such cumulative dividends for previous years and such accrued quarterly instalments, or shall have set aside from its surplus or net profits a sum sufficient for the payment thereof, the Board of Directors may declare dividends on the common stock, payable then or thereafter, out of any remaining surplus or net profits.

In the event of any liquidation, or dissolution, or winding up (whether voluntary or involuntary) of the corporation, the holders of the preferred stock shall be entitled to be paid in full, both the par amount of their shares and the unpaid dividends accrued thereon, before any amount shall be paid to the holders of the common stock: and after the payment to the holders of the preferred stock of its par value, and the unpaid accrued dividends thereon, the remaining assets and funds shall be divided and paid to the holders of the common stock *pro rata* according to their respective shares.

(V.) PREFERRED STOCK CLAUSES.

Special Clause for Cumulative Dividends.

The holders of the preferred stock shall be entitled to receive, when and as declared from the surplus profits of the company, yearly dividends at the rate of six per cent per annum, and no more, payable semiannually on dates to be fixed by the by-laws. The dividends on the preferred stock shall be cumulative, and shall be payable before any dividend on the common stock shall be paid or set apart, so that if in any year dividends amounting to six per cent shall not have been paid thereon, the deficiency shall be payable before any dividends shall be paid upon or set apart for the common stock.

Whenever all cumulative dividends on the preferred stock for all previous years shall have been declared and shall have become payable, and the accrued semiannual instalment for the current year shall have been declared, and the company shall have paid such cumulative dividends for previous years and such accrued semiannual instalment, or shall have set aside from its surplus or net profits a sum sufficient for the payment thereof, the board of directors may declare dividends on the common stock payable then or thereafter out of any remaining surplus or net profits, provided, however, that the dividends upon the common stock shall be so limited that the same shall never in any one year exceed the rate of ten per cent, so long as there shall remain outstanding and unredeemed any of the four and a half per cent mortgage and collateral trust gold bonds of the company.

In distribution of assets other than profits, there shall be paid, as far as the same will go, first, upon the preferred stock to the amount of the par value thereof and its six per cent cumulative dividends that are unpaid, if any, less the amount, if any, paid thereon, in any previous distribution of such assets; next, upon the common stock, to the amount of the par value thereof, less the amount, if any paid thereon in any previous distribution of such assets, and then upon the two classes of stock equally per share.

FORMS FOR DRAWING CHARTERS IN ALL THE STATES AND TERRITORIES.

ALABAMA.

CERTIFICATE OF INCORPORATION

OF THE

_____ COMPANY.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, associate ourselves together for the purpose of forming a corporation under the laws of the State of Alabama, and do declare

I. That the name of the corporation shall be _____ Company (or corporation).

II. The objects for which the corporation is formed are:

III. The location of the principal office of the corporation within the State is

IV. The amount of the capital stock shall be _____ dollars ($), to be divided into _____ shares of the par value of _____ ($) each. (If preferred stock is desired this clause should read as follows: The amount of the capital stock shall be _____ dollars ($), of which _____ shares of the par value of _____ dollars each shall be common stock and _____ shares of the par value of _____ dollars ($) each shall be preferred stock. The preferred stock is entitled to preference and priority over the common stock in manner following, to wit:)

The amount of capital stock with which the company will begin business will be _____ dollars ($).

V. That _____, residing in the City of _____, County of _____, State of Alabama, is hereby designated by the undersigned as commissioner for said _____ Company to receive subscriptions to the capital stock thereof.

VI. The names and post-office addresses of the incorporators and the number of shares subscribed for by each are as follows:

Names.	No. of Shares.	Addresses.

VII. The names and post-office addresses of the directors and officers chosen for the first year are as follows:

Names.	Post-office Addresses.	
		Directors.

Officers.	Post-office Addresses.
President,	
Vice-President,	
Secretary,	
Treasurer,	

VIII. The duration of the company shall be perpetual.

IX. The following provisions for the regulation of the business and the conduct of the affairs of the company are hereby established:

In Witness Whereof, we have hereunto set our hands and seals this day of , 190 .

Signed, sealed, and delivered in the presence of:

State of Alabama, }
County of } ss.

I, , a Notary Public in and for the said County and State, do hereby certify that , whose names are signed to the foregoing instrument, and who are known to me, have acknowledged before me this day that, being informed of the contents of said instrument, they have severally executed the same voluntarily on the day the same bears date.

Given under my hand this day of , 190 .

, *Notary Public*,
County,
Alabama.

TERRITORY OF ALASKA.

ARTICLES OF INCORPORATION

OF THE

_____ COMPANY.

We, the undersigned, , residents of the District of , Territory of Alaska, do by these presents, pursuant to and in conformity with the provisions of Section Five of an Act of Congress, approved March 2nd, 1903, entitled "An Act Amending the Civil Code of Alaska, providing for the Organization of Private Corporations and for other Purposes," associate ourselves together as a body politic and corporate, and we do hereby certify in writing:

First. The corporate name and style of our said corporation shall be:

Second. The nature and character of the business to be carried on is as follows:

Third. The principal place for the transaction of the business of the corporation shall be at in the Territory of Alaska.

Fourth. The time for the commencement of this corporation shall be the date of the filing of these articles of incorporation in the office of the Secretary of the District of , Territory of Alaska, and the termination thereof shall be fifty years thereafter.

Fifth. The capital stock of the corporation shall be dollars, divided into shares of the par value of dollars per share. (Also state how the same shall be paid in.)

Sixth. The highest amount of indebtedness or liability, direct or contingent, to which this corporation is at any time subject shall be dollars.

Seventh. The names and residences of the incorporators of this corporation are as follows:

Names.	Addresses.

Eighth. The affairs of this corporation shall be conducted by a Board of Directors who shall be elected annually by the stockholders. The names and post-office addresses of the Board of Directors for the first year are:

Names.	Addresses.

Ninth. The annual meeting of the stockholders for the election of a Board of Directors shall be held on the day of in each year, and the Board of Directors so elected shall hold office for a period of one year.

In Witness Whereof, we have hereunto set our hands and seals this day of , 190 .

State of }
County of } ss.

I, , a Notary Public in and for said County and State, do hereby certify that , personally known to me to be the persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged to me that they signed, sealed, and delivered the said instrument in writing as their free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this day of , 1904.

, *Notary Public*
County,
State of .

ARIZONA.

ARTICLES OF INCORPORATION

OF THE

———— COMPANY.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, have this day associated ourselves together for the purpose of forming a corporation, and for that purpose do adopt the following charter:

First. The name of the corporation shall be:

Second. The names of the incorporators are:

Third. The principal place in which the business of the corporation within the Territory of Arizona is to be transacted is at County, Arizona. The name of the agent in charge thereof, and upon whom process may be served in any action, suit, or proceeding that may be had or brought against the company in any of the courts of Arizona, is , residing at the said city of Territory of Arizona.

Fourth. The general nature of the business in which this corporation shall engage is as follows, to wit:

Fifth. The authorized amount of capital stock of this corporation shall be dollars, divided into shares of the par value of dollars each. The Board of Directors may cause said capital stock or any part thereof to be subscribed or paid for in cash, in the purchase or exchange or transfer of real or personal property or for services rendered, and to issue or cause to be issued any part or all of the capital stock as required, at any time or from time to time, and when so issued it shall be fully paid and non-assessable, and in the absence of fraud in the transaction, the judgment of the Board of Directors as to the value of the property purchased or transferred or exchanged or services rendered shall be conclusive. Shares of stock may be voted by proxy at all stockholders' meetings.

Sixth. The time of the commencement of this corporation shall be the date of

the filing of a certified copy of these articles of incorporation in the office of the Territorial Auditor of Arizona, and termination thereof shall be twenty-five years thereafter, with privilege of renewal thereof as provided by law.

Seventh. The affairs of this corporation shall be conducted by a Board of Directors, who shall be elected annually by the stockholders at the annual stockholders' meeting. Until the first annual meeting of stockholders, and until their successors are elected and qualified, the following named persons shall constitute the Board of Directors of the corporation:

Eighth. The annual meeting of the stockholders shall be held on the in of each year.

Ninth. The highest amount of indebtedness or liability, direct or contingent, to which this corporation is at any time subject, shall be:

Tenth. The private property of the stockholders of this corporation shall be exempt from corporate debts of any kind whatever.

Eleventh. (Here insert any clause that may be desired for the regulation of the internal affairs of the corporation.)

In Witness Whereof, we have hereunto set our hands and seals this day of , 190 .

_____ (SEAL.)
_____ (SEAL.)
_____ (SEAL.)

State of }
County of } ss.

On this day of , 190 , before me, a Notary Public, in and for the State aforesaid, residing therein, duly commissioned and sworn, personally appeared , known to me to be the persons described in, and whose names are subscribed to the foregoing instrument, and they acknowledged to me that they executed the same for the purpose and considerations therein expressed.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at my office in the said State and County, the day and year last above written.

, *Notary Public.*

My commission expires:

ARKANSAS.

ARTICLES OF AGREEMENT AND INCORPORATION OF THE

_____.

KNOW ALL MEN BY THESE PRESENTS: That the corporators hereinafter named have this day, and by these presents, formed a corporation under and in pursuance of the laws of the State of Arkansas, in that behalf provided, for "Incorporations for manufacturing and other lawful business," and in evidence thereof do hereby execute the following Articles of Incorporation:

First. The name of said corporation shall be:

Second. The corporators are:

Third. The place of business is to be located at , and its office for transaction of business shall be in or at such other place as the Board of Directors may select.

Fourth. The general nature of the business proposed to be transacted by this corporation is:

Fifth. The amount of the capital stock of said corporation shall be dollars; of which dollars has been subscribed by the corporators aforesaid, and the residue thereof may be issued and disposed of as the Board of Directors may from time to time order and direct.

Sixth. The said capital stock shall be divided into shares of the value of dollars each.

Seventh. The affairs and business of the corporation shall be conducted and controlled by a Board of Directors, consisting of members, all of whom shall be stockholders of the corporation. Said Board of Directors shall elect one of its members as President, and one of its members as Vice-President, and shall also elect a Secretary and Treasurer.

Eighth. The first election of Directors shall be held immediately after the organization of the corporation, and said Directors shall serve for one year and until their successors are elected.

Ninth. The Board of Directors are empowered to ordain and establish all by-laws and regulations necessary to the management and business of said corporation, and alter and repeal same at pleasure.

Tenth. The first meeting of said corporation or organization shall be held in at the office of at o'clock on the day of , 190 . The subscribers hereto hereby waive notice of said meeting.

In Testimony Whereof, we have hereunto set our hands on this, the day of , 190 .

CERTIFICATE.

Whereas, have associated themselves together as a body politic and corporate, to be known as , and

Whereas, The said corporators, being the subscribers to the capital stock of the said corporation, have waived the fifteen days' notice as required by law and called a meeting for organization, to be held in at the office of at o'clock on the day of , 190 .

Whereas, At the time and place above set out, a meeting of the subscribers aforesaid was held to organize said corporation and elect Directors; and

Whereas, At said meeting the following gentlemen were elected Directors, to wit: , and

Whereas, At a meeting of the said Board of Directors was elected President, and was elected Vice-President, and was elected Secretary, and was elected Treasurer:

Now, Therefore, The said as President, and the said as President, do, in pursuance of law, issue this, their Certificate, verified by their oaths, and do hereby certify as follows:

First. Said corporation is formed for the purpose of:

Second. Its capital stock is dollars, divided into shares of dollars each.

Third. dollars of capital stock have been actually paid in by the subscribers hereto.

Fourth. The names of the stockholders and the number of shares owned by them, respectively, is as follows:

Names.	No. of Shares.

In Testimony Whereof, the said , President of the said corporation, and , a majority of the Board of Directors of said corporation have hereunto set their hands on this day of , 190 .

, *President.*

Directors.

Directors.

State of Arkansas, } ss.
County of }

on their oaths say that the matters and things in the foregoing certificate set out are true, to the best of their knowledge and belief.

(Signed)

Subscribed and sworn to before me this day of , 190 .

In Testimony Whereof, I have hereunto set my hand and seal of office.

CALIFORNIA.

ARTICLES OF INCORPORATION

OF THE

_____ COMPANY.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, a majority of whom are citizens and residents of the State of California, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of California.

And We Hereby Certify,

First. That the name of said corporation shall be:

Second. That the purpose for which it is formed is:

Third. That the place where the principal business of said corporation is to be transacted is:

Fourth. That the term for which said corporation is to exist is years, from and after the date of its incorporation.

Fifth. That the number of Directors of said corporation shall be not less than three, and that the names and residences of Directors, who are appointed for the first year, and to serve until the election and qualification of their successors, are as follows, to wit:

Names. Residences.

Sixth. That the amount of the capital stock of said corporation is dollars, and the number of shares into which it is divided is , of the par value of each.

Seventh. That the amount of said capital stock which has been actually subscribed is dollars, and the following are the names of the persons by whom the same has been subscribed, to wit:

Names of Subscribers. No. of Shares. Amount.

In Witness Whereof, we have hereunto set our hands and seals, this day of , A. D. 190 .

Signed and sealed in the presence of

_____

_____

_____

_____

State of }
County of } ss.

On this day of , in the year A. D. nineteen hundred and , before me, County, personally appeared , known to me to be the person whose name subscribed to the within instrument, and acknowledged to me that executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal, the day and year last above written.

(SEAL.) , *Notary Public*,
County.

State of }
County of } ss.

I, , County Clerk of , County of , State of , do hereby certify the within to be a full, true, and correct copy of Articles of Incorporation of as remains on file in this office.

In Witness Whereof, I have hereunto set my hand and affixed my Official Seal, this day of , A. D. 190 .

, *Clerk.*

B , *Deputy Clerk.*

COLORADO.

CERTIFICATE OF INCORPORATION

OF

_____.

Know all Men by these Presents: That we, residents of the State of , have associated ourselves together as a corporation under the name and style of "The Company," for the purpose of becoming a body politic and corporate, under and by virtue of the laws of the State of Colorado, and in accordance with the provisions of the laws of said State of Colorado, we do hereby make, execute, and acknowledge these triplicate certificates in writing of our intention so to become a body corporate by virtue of said laws, which when filed shall constitute the articles of incorporation of .

First.

The corporate name and style of our said company shall be:

Second.

The objects for which our said company is formed and incorporated are for the following purposes, to wit: (the statement of objects must be very full, as under Colorado laws there can be no amendment so as to enlarge the corporate purposes).

Third.

The capital stock of said company is dollars, divided into shares of the par value of dollars each, and said stock shall be non-assessable.

Fourth.

Said company is to exist for years.

Fifth.

The affairs and management of this company is to be under the control of a Board of Directors, and are hereby selected to act as said Board of Directors, and to manage the affairs and concerns of the said company for the first year of its corporate existence.

Sixth.

The operations of the said company will be carried on in the County of , State of Colorado, and outside of said State of Colorado, in any State or Territory of the United States, and the principal place of business and business office of said company shall be located in the City of , in the County of , and State of Colorado aforesaid.

Seventh

The Board of Directors shall have power to make such prudential by-laws as they may deem proper for the management of the affairs of this company, according to the statute in such case made and provided.

Eighth.

Meetings of the Board of Directors may be held without the State of Colorado, if the by-laws so provide.

In Testimony Whereof, we have hereunto set our hands and seals this day of , 190 .

_____

_____

_____

State of }
County of } ss.

I, , a Notary Public in and for said County and State, do hereby certify that , personally known to me to be the persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed, sealed, and delivered the said instrument in writing as their free and voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this day of , 190 .

, *Notary Public.*

My commission expires

CONNECTICUT.

CERTIFICATE OF INCORPORATION.

We, the subscribers, certify that we do hereby associate ourselves as a body politic and corporate under the statute laws of the State of Connecticut; and we further certify:

First. That the name of the corporation is (*a*) The Company, Corporation, (*b*) Incorporated.

Second. That said corporation is to be located in the town of , in the State of Connecticut.

Third. That the nature of the business to be transacted, and the purposes to be promoted or carried out, by said corporation, are as follows:

Fourth. That the amount of the capital stock of said corporation hereby authorized is dollars, divided into shares of the par value of dollars each, which stock shall be divided into classes as follows:

Fifth. That the amount of capital stock with which this corporation shall commence business is dollars.

Sixth. That the duration of said corporation is *un*limited.

Seventh. The following provisions for the regulation of the business and the conduct of the affairs of the corporation are hereby established:

SIGNATURES OF INCORPORATORS.

Name.		Residence.
	of	State of
	of	State of
	of	State of
	of	State of
	of	State of
	of	State of
	of	State of
	of	State of
	of	State of
	of	State of
	of	State of

Dated at this day of , 190 .

State of
County of } ss.

Personally appeared , being all of the incorporators of The and made solemn oath to the truth of the foregoing certificate by them respectively subscribed, before me.

, *Notary Public.*

CERTIFICATE OF ORGANIZATION.

The undersigned, a majority of the directors of The located in the town of , hereby certify as follows:

First. That the amount of the authorized capital stock subscribed for is shares, being shares of preferred stock and shares of common stock, amounting to dollars, and being not less than the full amount of dollars, with which the incorporators in the certificate of incorporation stated the company would begin business.

Second. That the amount paid thereon in cash is dollars.

Third. That the amount paid thereon in property other than cash is dollars.

Fourth. That dollars has been paid upon each share subscribed for except shares, upon which dollars only has been paid.

Fifth. That the name, residence, and address of each of the original subscribers to said stock, with the number and class of shares subscribed for by each, are as follows:

Name.	Residence.	P. O. Address.	No. of Shares. Preferred.	No. of Shares. Common.

Sixth. That the directors and officers of said corporation have been duly elected, and that its by-laws have been adopted.

Seventh. The name, residence, and post-office address of each of the officers and directors of said corporation are as follows:

	Name.	Residence.	P. O. Address.
President,			
Vice-President,			
Treasurer,			
Asst. Treasurer,			
Secretary,			
Asst. Secretary,			

Directors.	Residence.	P. O. Address.

Eighth. The location of its principal office in this State is No. Street, , and the name of the agent or person in charge thereof on whom process against it may be served is .

Dated at this day of

_____
_____
_____ } *A Majority of the Directors.*
_____
_____

State of Connecticut, } ss.
County of }

Personally appeared

signers of the foregoing certificate of organization, a majority of the Directors of The , and made oath to the truth of the same before me.

, *Notary Public.*
, *Justice of the Peace.*

DELAWARE.

CERTIFICATE OF INCORPORATION.

This is to Certify, that the undersigned do hereby associate themselves to establish a corporation under and by virtue of the provisions of an Act of the General Assembly of the State of Delaware, entitled "An Act Providing a General Corporation Law," and do severally agree to take the number of shares of capital stock as hereinafter stated, and that

First. The name of the Corporation is:

Second. The principal office or place of business of the Corporation in the State of Delaware is to be located in the City of , County. The name of the agent therein and in charge thereof, and upon whom legal process against this Corporation may be served, is .

Third. The nature of the business and the objects and purposes proposed to be transacted, promoted, or carried on by the Corporation are as follows: (here insert corporate purposes in full).

In General to carry on any other business in connection therewith, whether manufacturing or otherwise, and with all the powers conferred by the laws of Delaware under the act hereinbefore referred to.

It is the intention that the objects specified in the third paragraph shall, except where otherwise expressed in said paragraph, be nowise limited or restricted by reference to or inference from the terms of any other clause or paragraph in this charter, but that the objects specified in each of the clauses of this paragraph shall be regarded as independent objects.

Fourth. The amount of the total authorized capital stock of the Corporation is dollars, divided into shares of the par value of dollars each. The amount of capital stock with which the Corporation will begin business is (not less than $1,000) dollars.

Fifth. The names and places of residence of the original subscribers to the capital stock are:

Name.	Residence.	No. of Shares.

Sixth. The Corporation shall have perpetual existence.

Seventh. The stockholders shall have power, if the by-laws so provide, to hold their meetings either within or without the State of Delaware, at such place or places as may be in said by-laws designated for that purpose.

Eighth. The private property of the stockholders shall not be subject to the payment of corporate debts.

Ninth. The Board of Directors shall have power, without the assent or vote of the stockholders, to make, alter, amend, and repeal the by-laws of this Corporation, to authorize and cause to be executed mortgages and liens upon the real and personal property of this Corporation.

The Directors shall from time to time determine whether and to what extent, and at what times and places, and under what conditions the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account or book or document of the Corporation, except as conferred by statute or authorized by the Directors, or by a resolution of the stockholders.

The Directors shall have power to hold their meetings and to keep the books of the Corporation (except the stock and transfer books or duplicates thereof) outside of this State, at such places as the by-laws may provide.

If the by-laws so provide, to designate two or more of their number to constitute an Executive Committee, which committee shall for the time being, as provided in said by-laws, have and exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of this Corporation to be affixed to all papers which may be from time to time designated by said Executive Committee for that purpose.

The Corporation may conduct its business in the State of Delaware, in other States, the District of Columbia, the Territories and Colonies of the United States and in foreign countries, and may have one or more offices out of this State, and may hold, purchase, mortgage, lease, and convey real and personal property out of the State of Delaware.

Witness our hands and seals this day of , A. D. 190 .

(L. S.)
(L. S.)
(L. S.)

In presence of:

State of }
County of } ss.

Be it Remembered, that on this day of , A. D. 190 , personally came before me, , a Notary Public for the said State of , , the original corporators named in the foregoing certificate, who signed and sealed the same, known to me personally to be such, and severally acknowledged the same to be the act and deed of the signers respectively, and that the facts therein stated are truly set forth.

In Witness Whereof, I have hereunto set my hand and seal of office the day and year aforesaid. , *Notary Public.*

DISTRICT OF COLUMBIA.

CERTIFICATE OF INCORPORATION.

We, the undersigned, being all of the trustees of the , a majority of whom are residents of the District of Columbia, do by these presents, pursuant to and in conformity with the provisions of six hundred and five (605) and six hundred and six (606) of an Act of Congress, approved March 3rd, 1901, entitled "An Act to establish a Code of Law for the District of Columbia," and with the amendments thereto made by an Act approved June 30th, 1902, entitled "An Act to amend an Act entitled 'An Act to establish a Code of Law for the District of Columbia,'" associate ourselves together as a body politic and corporate, and we do hereby certify in writing:

First. That the name of the company shall be:

Second. That the purposes for which said corporation is formed are:

Third. That the existence of this company shall be perpetual.

Fourth. That the capital stock of this company shall be dollars, divided into shares of the par value of dollars each.

Fifth. That the number of trustees who shall manage the concerns of the company for the first year or until their successors are elected shall be, namely:

Names.	Residences.

The Board of Trustees, by the affirmative vote of a majority of the whole Board, may appoint from the Trustees an Executive Committee of members, of which a majority shall constitute a quorum, and to such extent as may be provided in the by-laws, such committee shall have and may exercise all or any of the powers of the Board of Trustees.

Sixth. That the place in the District of Columbia in which the operations of the company are to be carried on is at in the City of Washington, District of Columbia.

Witness our hands this day of 190 .

City of Washington, } ss.
District of Columbia, }

I, , a Notary Public in and for the District of Columbia, do hereby certify that , whose names are signed to the writing hereto annexed, bearing date the day of 190 , personally appeared before me in the District of Columbia on the day and year aforesaid, and separately, severally, and individually acknowledged the same before me, and that they severally signed the same for the purposes therein set forth.

Given under my hand and notarial seal day of , 190 .

, *Notary Public.*

(See page 817 for form of certificate of payment on capital stock.)

FLORIDA.

(Form for publication of notice of intention to apply for charter.)

NOTICE OF INCORPORATION.

The undersigned hereby give notice that on , the day of , A. D. 190 , at o'clock M, or as soon thereafter as they can be heard, they will apply to the Honorable , Governor of the State of Florida, at his office, in the Capitol Building of said State, in the City of Tallahassee, for Letters Patent incorporating them, their associates and successors, into a body politic and corporate in deed and in law, under the name of Company, under the following Charter and Articles of Incorporation, the original of which will be on file in the office of the Secretary of State of said State of Florida, at the City of Tallahassee, during the time required by law for the publication of this notice.

(Names of incorporators.)

CHARTER OF THE ———— COMPANY.

The undersigned hereby agree to become associated together, and do hereby associate themselves together for the purpose of becoming a body politic and corporate under the laws of the State of Florida, the provisions of which are hereby accepted. The following Articles of Incorporation shall constitute and become its Charter upon the issuance of Letters Patent according to law:

1.

The name of this corporation shall be . Its principal office and place of business shall be the City of , County, Florida. Branch offices may be established at such other places as may be selected by the Board of Directors.

2.

The general nature of the business to be transacted by the said corporation shall be:

3.

The amount of capital stock of this corporation shall be dollars, divided into shares of the par value of dollar each: said capital stock shall be paid for in lawful money of the United States, ten per cent of which shall be paid within ten days after Letters Patent shall have been granted and before said corporation shall transact any business. The unpaid balances due on stock of the subscribers hereto shall be paid in lawful money of the United States in such instalments and within such time as may be designated by the Board of Directors, provided that subscribers shall be entitled to ten days' notice of demand for such deferred payments. The remaining stock shall be sold by the Directors from time to time, as the same may be needed, at not less than its par value.

4.

This corporation shall exist for a period of years, unless sooner dissolved according to law.

5.

The business of this corporation shall be conducted by a Board of not less than nor more than Directors.

The Board of Directors shall select from themselves a President, Vice-President, Secretary, and Treasurer. One person may hold the office of Secretary and Treasurer. Said Board of Directors shall have authority to appoint all necessary agents of this corporation.

Annual meetings of the stockholders shall be held at the principal offices of the corporation on the in of each year, at ten o'clock A. M. or as soon thereafter as practicable, at which the Board of Directors shall be duly elected by the stockholders.

The By-Laws for the government of this corporation shall be adopted at the first annual meeting of the stockholders, or as soon thereafter as practicable.

Until a Board of Directors shall have been first duly chosen by the stockholders, the business of the said corporation shall be conducted by the following named persons and officers:

, *President.*
, *Vice-President.*
, *Secretary.*
, *Treasurer.*

Temporary By-Laws may be adopted by said officers until the first annual meeting of the stockholders.

6.

The highest amount of indebtedness or liability this corporation shall at any time subject itself is dollars.

7.

The names and residences of the subscribers to these Articles of Incorporation, together with the amount of capital subscribed by each, are as follows:

Names.	Residences.	No. of Shares.

In Witness Whereof, we have hereunto set our hands this the day of A. D. 190 .

(Signatures of subscribers.)

Witness:

State of Florida, } ss.
County of }

I, , a Notary Public for the State of Florida at large, do hereby certify that , who are to me well known, this day appeared before me and each for himself acknowledged that he signed the foregoing Articles of Incorporation and the accompanying notice for the uses and purposes therein stated.

In Witness Whereof, I have hereunto set my hand and seal of office this day of , A. D. 190 .

, *Notary Public.*

State of Florida at large.
Commission expires

GEORGIA.

APPLICATION FOR CHARTER.

State of Georgia,
County of , To the Superior Court of said County.

The petition of respectfully shows:

I. That they desire for themselves, their associates, successors, and assigns, to be constituted a body corporate under the name and style of Company, for the term of twenty years with the privilege of renewal at the expiration of said time as provided by law.

II. They desire for said corporation the right to buy, sell, hold, encumber, and otherwise dispose of real and personal property, which may be necessary and advantageous to the purposes of said corporation, to sue and be sued, and to have a common seal, to receive donations by gift or will, to make by-laws for its government, elect directors for the management of its affairs and confer upon them the right to elect officers and appoint employees, together with all other rights, powers, and privileges, incident, useful, or necessary to carry into effect the purposes of the corporation as hereinafter set forth or for securing debts due it.

III. The object of the corporation is pecuniary gain to its stockholders.

IV. The particular business proposed to be carried on by said corporation is:

V. The capital stock of said corporation shall be dollars, divided into shares of dollars each; at least ten per cent of which is to be actually paid in before commencing business. But petitioners desire that said corporation shall have the right to increase said capital stock to any amount not exceeding dollars, whenever the holders of a majority of the stock may so determine.

VI. The principal place of business of said corporation shall be in the City of , County and State aforesaid, but petitioners desire that said corporation shall have the right to establish branch offices or agencies at any other places, either within or without the State of Georgia, as the holders of a majority of the stock may determine upon.

Wherefore petitioners pray that after this petition has been filed and published in accordance with the law an order be passed by the Court declaring them a body corporate under the name and style aforesaid, and granting to said corporation all the right, power, and privileges set out and prayed for in this application, or which may be incident, usual, and necessary under the laws of said State, for the purposes of their incorporation. And your petitioner will ever pray, etc.

, *Petitioner's Attorney.*

IDAHO.

ARTICLES OF INCORPORATION

OF THE

———————— COMPANY.

Know all Men by these Presents: That we, the undersigned, at least one of whom is a *bona fide* resident of the State of Idaho, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of Idaho. And we hereby certify:

First. That the name of the corporation shall be:

Second. That the purpose for which it is formed shall be:

Third. That the place where the principal business is to be transacted is:

Fourth. That the term for which it is to exist is (not to exceed fifty years) from and after the date of its incorporation.

Fifth. That the number of its directors (or trustees) shall be (a majority must be, in all cases, citizens, and actual *bona fide* residents within the State), and the names and residences of those who are appointed for the first year are:

Sixth. That the amount of the capital stock of said corporation is dollars, and the number of shares into which it is divided is , of the par value of dollars each.

Seventh. That the amount of capital stock which has been actually subscribed is dollars, which has been subscribed by the following persons:

Names of Subscribers.	No. of Shares.	Par Value.

In Witness Whereof, we have hereunto set our hands this day of A. D. 190 .

Signed and executed in the presence of:

State of }
County of } ss.

On this day of , A. D. 190 , before me personally appeared , known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first above written.

(SEAL.)

ILLINOIS.

State of Illinois, }
County of } ss.

To , Secretary of State:

We, the undersigned, , propose to form a corporation, under an Act of the General Assembly of the State of Illinois, entitled "An Act Concerning Corporations," approved April 18th, 1872, and all acts amendatory thereof; and for the purpose of such organization we hereby state as follows, to wit:

First. The name of such corporation is:

Second. The objects for which it is formed are:

Third. The capital stock of the company shall be dollars.

Fourth. The amount of each share is dollars.

Fifth. The number of shares is .

Sixth. The location of the principal office is at No. Street, in the City of , in the County of , State of Illinois, .

Seventh. The duration of the corporation shall be (not to exceed ninety-nine) years.

State of Illinois, }
County of } ss.

I, , a Notary Public in and for the County of and State of Illinois, do hereby certify that on the day of , 190 , personally appeared before me , to me personally known to be the same persons who executed the foregoing statement, and severally acknowledged that they executed the same for the purposes therein set forth.

In Witness Whereof, I have hereunto set my hand and seal the day and year above written.

Notary Public.

(SEAL.)

To
Secretary of State of the State of Illinois:

The Commissioners, duly authorized to open Books of Subscription to the capital stock of the Company, pursuant to license heretofore issued, bearing date the day of , A. D. 190 , do hereby report that they opened Books of Subscription to the Capital Stock of said Company, and that the said stock was fully subscribed; that the following is a true copy of such subscription, viz.:

We, the undersigned, hereby severally subscribe for the number of shares set opposite our respective names, to the Capital Stock of Company, and we severally agree to pay the said Company, for each share, the sum of dollars.

Name.	Shares.	Amount.

That the aforesaid stockholders waived notice of the time, place, and object of the meeting of stockholders herein next set forth, which was held on , A. D. 190 , at which meeting directors were elected as stated herein, and the following is the original waiver:

We, the undersigned, being all of the stockholders of the Company, organized under the laws of the State of Illinois, do hereby severally waive notice of the time and place of the meeting of the stockholders of said company, and the purpose thereof, and any and all every notice required by the laws of the State of Illinois.

That on the day of , A. D. 190 , at the , Illinois, at the hour of M., they convened a meeting of the subscribers aforesaid pursuant to notice required by law, which said notice was deposited in the post-office, properly addressed to each subscriber, ten days before the time fixed therein, a copy of which said notice is as follows, to wit:

To

You are hereby notified that the Capital Stock of has been fully subscribed, and that a meeting of the subscribers of such stock will be held at on the day of A. D. 190 , at o'clock M., for the purpose of electing a Board of Directors for said Company and for the transaction of such other business as may be deemed necessary.

Signed

Commissioners.

That said subscribers met at the time and place in said notice specified, and proceeded to elect Directors, and that the following persons were duly elected for the term of year , viz.:

And that the post-office address of the business office of said Company is at Number Street in the City of , in the County of and State of Illinois.

} *Commissioners.*

State of }
County of } ss.

On this day of , A. D. 190 , personally appeared before me, a Notary Public in and for said County in said State, , and made oath that the foregoing report by them subscribed is true in substance and in fact.

, *Notary Public.*

INDIANA.

ARTICLES OF INCORPORATION

OF THE

———— COMPANY.

We, the undersigned, hereby associate ourselves together pursuant to the statutes of the State of Indiana for the organization of corporations by the following written articles:

ART. ONE. — NAME.

The name shall be:

ART. TWO. — CAPITAL STOCK.

The capital stock of this association shall be dollars, divided into shares of dollars each.

ART. THREE. — OBJECT.

The object of this association and the proposed plan for the transaction of its business shall be:
(To be stated in all cases. Care should be taken to name as broad an object as possible and at the same time to avoid mentioning any of the proposed powers of the corporation.)

ART. FOUR. — PLACE OF OPERATIONS.

The business of this corporation shall be carried on in:
(To be stated in all cases. Where the work is from one point to another, this should be stated. For railroads, name all counties through which the road passes and give length as near as possible.)

ART. FIVE. — NUMBER OF DIRECTORS.

There shall be directors for this corporation, who after the first year shall be elected annually by the stockholders. All the corporate officers shall be appointed by the directors.

ART. SIX. — DIRECTORS FOR FIRST YEAR.

The following directors shall manage the business and prudential concerns of this corporation for the first year of its existence.

ART. SEVEN. — TERM OF EXISTENCE.

The association shall have an existence of (not to exceed fifty) years from the date hereof.

In Witness Whereof, we have hereunto set our hands this day of , A. D. 190 .

(The subscribers affix, in addition to their names, their residences, and, if a stock corporation, the number of shares taken by each. In the case of savings banks state occupation and post-office address. Articles for the incorporation of educational and religious corporations must be sworn to. Articles for Board of Trade, steam packet, telegraph, telephone, building and loan, health resort, Y. M. C. A., boards of relief for orphans, etc., and manufacturing companies must be acknowledged as deeds are acknowledged. All others are signed merely.)

State of Indiana, }
County of } ss.

Be It Remembered, that on this day of , 190 , before me, a Notary Public, in and for County, Indiana, duly commissioned and qualified, personally appeared (names of incorporators) the parties named in the foregoing Articles of Incorporation, and severally acknowledged the execution of the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year aforesaid.

Notary Public,
County, Indiana.

IOWA.

ARTICLES OF INCORPORATION

OF THE

———— COMPANY.

We, whose names are hereunto subscribed, have associated ourselves as a body corporate, under the provisions of Chapter 1, Title IX. of the Code of Iowa, and acts amendatory thereto, and to that end have adopted the following articles of incorporation.

Article I.

The name of this corporation shall be:

Article II.

The principal place of business of this corporation shall be at the city of in the county of , and State of Iowa.

(NOTE. If the corporation does not transact business in this State, it is not necessary that the articles name its principal place of business, or that such principal place of business be in this State.)

Article III.

The general nature of the business to be transacted by this corporation shall be:

(NOTE. It is customary to state the general nature of the business to be transacted quite fully, making this statement broad enough to cover all the contingencies that may possibly arise.)

Article IV.

This corporation shall have all of the powers necessary for, or incidental to, the convenient transaction of the business for which it has been organized, including the power to borrow money, and to issue its negotiable notes, bonds, or other evidences of such indebtedness, and to secure the repayment of the same by liens upon all or any portion of its property, real or personal, by way of mortgage or otherwise, and including the power to own, lease, buy, and sell real estate; and further among its powers shall be the following:

1. To have perpetual succession;
2. To sue and be sued by its corporate name;
3. To have a common seal, which it may alter at pleasure;
4. To render the interests of the stockholders transferable;
5. To exempt the private property of its members from liability for corporate debts;
6. To make contracts, acquire and transfer property, — possessing the same powers in such respects as natural persons;
7. To establish by-laws, and make all rules and regulations necessary for the management of its affairs.

(NOTE. This section is not absolutely necessary. It is, however, customary, and the provisions, especially with reference to borrowing money, etc., will be found in actual practice to facilitate such transactions.)

Article V.

The amount of the authorized capital stock of this corporation is the sum of dollars divided into shares, each of the par value of dollars. Not less than dollars of the capital stock of this corporation shall be paid in in cash, or in property at its reasonable cash value, before the corporation transacts business except the business incident to its organization.

(1) *The remainder of the capital stock of this corporation shall be issued and paid in from time to time as the board of directors may direct.*

(2) *The par value of all stock shall be paid in, either in cash or in property at its reasonable cash value, at the time that the stock is issued.*

(NOTE. The sentence indicated as (1) above, may be omitted if the stock is all to be paid in when the corporation commences business. If it is not all to be so paid in, there should be something of this character inserted, prescribing when the remainder of the stock shall be issued. The sentence (1) follows the method usually adopted in Iowa, but any method may be adopted which makes the articles state when the stock not issued when the corporation is organized shall be issued.)

(Sentence (2) above, should be omitted unless the stock is to be paid up as stated. If the stock is to be paid up entirely in cash when issued, or all of it in property when issued, modify this article to conform to the facts. It is not essential that this sentence be inserted, but if the stock is to be fully paid, it is desirable that the articles should show it.)

Article VI.

This corporation shall commence on the day of , A. D. 19 , and shall continue for the term of twenty years thereafter, *with the right of renewal as provided by law, unless sooner dissolved by a vote of not less than of the stock then outstanding.*

(NOTE. Under the law it takes unanimous consent to dissolve before the expiration of the term unless the articles provide otherwise. It is therefore not unusual to put in a provision that a designated majority, as two-thirds or three-fourths, may dissolve the corporation. The italicized portion above is, however, not necessary, if such right is not desired.)

Article VII.

The affairs of this corporation shall be conducted by a board of not less than nor more than directors.

Within said limits the number of directors may be fixed by the stockholders at any regular or special meeting; until otherwise fixed by the stockholders the board of directors shall consist of members.

The board of directors shall have general charge of the business and affairs of this corporation, and all of the powers of this corporation are vested in its board of directors except as otherwise provided by law, or by the by-laws of this corporation, and subject to such action restricting said powers as may be taken from time to time by the stockholders, either at an annual or at a special meeting, duly called therefor.

The directors of this corporation may delegate their powers and may in writing authorize others to act for them, as their proxies, at any meeting or meetings of its board of directors; provided, however, that the stockholders of this corporation may at any time limit, restrict, or prohibit such delegation of power by its directors, and while so limited or restricted said power shall only be delegated pursuant to such limitations or restrictions; and if so prohibited it shall not be delegated during the continuance of such prohibition.

(NOTE. Much of the above is not necessary. It has, however, proved to be a matter of very great convenience. In lieu of the above the following article would fill the requirements of the law:

"The affairs of this corporation shall be conducted by a board of directors who shall have general charge of its business.")

Article VIII.

The officers of this corporation shall be a president, vice-president, secretary, and treasurer. The directors may appoint a cashier and executive committee and such other officers as the convenient transaction of its business may require.

All officers and directors of this corporation shall hold office for one year, or until their successors are chosen and qualified, and any vacancy in any office, or in the board of directors, may be filled by the remaining directors until the successor

of the person thus chosen to fill such vacancy is elected by the stockholders or directors, at an annual or special meeting, and has duly qualified.

Article IX.

The board of directors of this corporation shall be elected at the annual meeting of the stockholders, which shall be held on the second Tuesday of in each year, commencing with the year A.D. 19 , at the principal office of the company at such hour as may be fixed by the directors or by the by-laws. The officers of this corporation shall be chosen by the directors at the annual meeting of the directors, which shall be held each year immediately after the annual meeting of the stockholders.

Until the annual meeting of the stockholders in the year A.D. 19 , and until their successors are chosen and have qualified, shall constitute the board of directors of this corporation, and its officers shall be president,

vice-president, secretary, and treasurer.

(NOTE. Of course any date may be fixed for the annual meeting.)

Article X.

Each director shall be a stockholder, and if any director shall cease to be a stockholder he shall forthwith by virtue of that fact cease to be a director. Two or more offices may be held by the same person at the same time.

(NOTE. The preceding article is not necessary to a legal organization.)

Article XI.

At all meetings of the stockholders each stockholder shall be entitled to one vote for each share of stock held by him, which votes may be cast either in person or by proxy duly authorized in writing.

(NOTE. The preceding article is not necessary to a legal organization).

Article XII.

The highest amount of indebtedness to which this corporation shall at any time subject itself shall be an amount not in excess of two-thirds of its capital stock then issued and outstanding.

Article XIII.

The private property of the stockholders of this corporation shall be exempt from corporate debts.

Article XIV.

These articles may be amended at any annual meeting of the stockholders or at any special meeting called for that purpose; but no such amendment shall be made without the affirmative vote in its favor of of the shares of stock then outstanding.

(NOTE. This article is probably unnecessary but it is better to have it, and it is required, if an amendment by a bare majority of a quorum is to be precluded.)

In Witness Whereof, we have hereunto subscribed our names on this day of A. D. 19 .

State of }
County of } ss.

Before me, , a notary public, in and for said county, personally appeared , said persons being to me personally known to be the identical persons whose names are subscribed in the foregoing articles of incorporation,

and each for himself acknowledged the same to be his free and voluntary act and deed for the uses and purposes therein expressed.

Witness my hand and notarial seal at , in the county of and State of Iowa, the day and year last above written.

, *Notary Public in and for said county and State.*

(NOTE. It is not necessary that the incorporators subscribe for any stock, and they need not become stockholders.)

KANSAS.

APPLICATION FOR CHARTER.

To the Charter Board of the State of Kansas: The undersigned hereby apply to the Charter Board of the State of Kansas, consisting of the Attorney-General, Secretary of State, and State Bank Commissioner, for permission to organize a private corporation under the law of the State of Kansas, and for that purpose make the following statement, to wit:

First.

The name of the proposed corporation shall be:

Second.

The place where the principal office or place of business of said corporation is to be located is:

Third.

The length of time for which said corporation is to exist shall be years.

Fourth.

The full nature and character of the business in which said corporation proposes to engage is:

Fifth.

The names and addresses of the proposed incorporators are:

Sixth.

The proposed amount of the capital of said corporation is dollars, to be divided into shares, of dollars each.

We further state that the above application is made in good faith, with the intention that said corporation shall actually engage in the business specified, and none other.

In Witness Whereof, we, the above-named incorporators, have hereunto subscribed our names, this day of , A. D. 190 .

State of Kansas, } ss.
County of }

Personally appeared before me, a , in and for said county and State, the above-named , who are personally known to me to be the same persons who executed the foregoing instrument in writing, and they each duly acknowledged the execution of the same.

In Testimony Whereof, I have hereunto subscribed my name and affixed my seal, this day of , A. D. 190 .

(My commission expires , 190 .)

CHARTER

OF

_____.

The undersigned, citizens of the State of Kansas, do hereby voluntarily associate ourselves together for the purpose of forming a private corporation under the laws of the State of Kansas, and do hereby certify:

First.

That the name of this corporation shall be THE

Second.

That the purposes for which this corporation is formed are to:

Third.

That the place where its business is to be transacted at:

Fourth.

That the term for which this corporation is to exist is:

Fifth.

That the number of directors of this corporation shall be , and the names and residences of those who are appointed for the first year are:

Sixth.

That the estimated value of the goods, chattels, lands, rights, and credits owned by the corporation is dollars.

That the amount of the capital stock of this corporation shall be dollars, and shall be divided into shares, of dollars each.

Seventh.

That the names and residences of the stockholders of said corporation, and the number of shares held by each, are as follows, to wit:

Names.	Residences.	No. of Shares.

In Testimony Whereof, we have hereunto subscribed our names, this day of , A. D. 190 .

State of Kansas, } ss.
County, }

Personally appeared before me, a Notary Public in and for County, Kansas, the above-named who are personally known to me to be the same persons who executed the foregoing instrument of writing, and duly acknowledged the execution of the same.

In Testimony Whereof, I have hereunto subscribed my name and affixed my notarial seal, this day of , A. D. 190 .

(SEAL.)

, *Notary Public.*

(My commission expires .)

OFFICE OF TREASURER OF STATE.

Received of the sum of dollars, the same being the Charter Fee for the .

Dated this day of , A. D. 190 .

, *Treasurer of State of Kansas.*

By

KENTUCKY.

ARTICLES OF INCORPORATION.

The corporators whose names are hereto signed have executed these articles of incorporation for the purpose of forming a corporation under the laws of the State of Kentucky, in accordance with the following provisions:

1. The name of the corporation shall be:
2. The place where the principal office of the corporation shall be is the City of , County of , State of Kentucky.
3. The purposes for which this corporation is formed are :
4. The amount of the capital stock of this corporation shall be dollars, divided into shares of the par value of dollars each. (If preferred stock is desired, insert provision therefor at this point.)
5. The names and residences of the stockholders and the number of shares subscribed for by each are as follows:
6. This corporation shall begin on , and the period of continuance shall be years (or perpetual).
7. The affairs of the corporation are to be conducted by (state the officers to conduct the affairs of the corporation), who shall be elected annually at (name, time, and place).
8. The corporation shall not at any time incur a higher amount of indebtedness or liability than dollars.
9. The private property of the stockholders shall not be subject to the corporate debts (or shall be subject, and state to what extent).

In Witness Whereof, we have hereunto subscribed our names this day of , A. D. 190 .

State of Kentucky, }
County of } ss.

I , a Notary Public in and for said county and State, do hereby certify that this instrument of writing from (here insert names of incorporators) was this day produced to me by the above parties, and was acknowledged by the said to be their act and deed.

Given under my hand and seal this day of , 190 .

, *Notary Public.*

LOUISIANA.

CERTIFICATE OF INCORPORATION

OF THE

———————— COMPANY.

State of Louisiana,
Parish of ,
City of .

Be It Known, that on this day of , in the year one thousand nine hundred and , before me, , a Notary Public in and for the Parish of , State of Louisiana, duly commissioned and qualified, and in the presence of the witnesses hereinafter named and undersigned, personally came and appeared the persons whose names are hereunto subscribed, all above the full age of majority, who severally declared that, availing themselves of the provisions of the laws of this State relative to the organization of corporations, they have formed and organized, and by these presents do form themselves and of those whom they represent into and constitute a corporation and body politic in law for the objects

and purposes, and under the stipulations and agreements hereinafter set forth and expressed, which they hereby adopt as their charter. (If a limited corporation is to be formed, the above clause should read, from the words "availing themselves," as follows: Availing themselves of Act 36 of 1888 as well as the general laws of the State relative to the organization of corporations, they hereby form themselves into and constitute a corporation for the objects and purposes, and under the stipulations hereinafter set forth:)

Article I.

The name and title of the corporation hereby formed is declared to be .

Its domicile shall be in the City of , State of Louisiana, and it shall have and enjoy succession by its corporate name for a period of years from and after the date hereof.

This corporation shall have power and authority to contract, sue, and be sued in its corporate name; to make and use a corporate seal; to hold, receive, lure, and purchase real and personal property and to sell, mortgage, or pledge the same, and to borrow money and issue bonds, notes, and other obligations.

All citations or other legal process shall be served upon the President, and in the event of his absence or inability to act from any cause, the same shall be served upon the Vice-President or Secretary-Treasurer.

Article II.

The objects and purposes for which this corporation is organized, and the nature of the business to be carried on by it are hereby declared to be:

(Objects and purposes.)

Article III.

The capital stock of this corporation is hereby fixed at the sum of dollars, divided into and represented by shares of the par value of dollars, which shall be paid for in at the time of subscription.

This corporation shall commence business as soon as dollars of its capital stock shall have been subscribed for.

Article IV.

All the corporate powers of this corporation shall be vested in and exercised by a board of directors, to be composed of stockholders, of whom shall constitute a quorum for transacting all business. The Board of Directors shall be vested with full power and authority to make all contracts, purchases, and sales, and adopt all by-laws, rules, and regulations for the government of the business and affairs of the company, and alter, amend, and change the same at pleasure; appoint, hire, and discharge all officers, agents, and employees, fix all salaries, and generally do and perform all things necessary in the transaction of the business and affairs of the company. Any vacancy occurring in said board shall be filled by the stockholders in the manner as provided for in the election of directors.

The first Board of Directors of this corporation shall consist of (names), with the said as President, as Vice-President, and as Secretary-Treasurer, who shall hold their offices until the first (name day) in , 190 , or until their successors are duly elected and qualified.

On the first (name day) in , 190 , and annually thereafter, an election for directors shall be held at the office of the company, under the supervision of commissioners to be appointed by the President, and the directors then elected shall take their seats immediately and shall hold office until their successors are duly elected and qualified. Each board shall elect its own officers, which shall consist of a President, a Vice-President, and a Secretary-Treasurer.

All corporate elections shall be by ballot, and a majority of the votes cast shall

elect, and each share of stock shall be entitled to one vote either in person or by proxy.

Written notice of elections shall be given to each stockholder by the Secretary-Treasurer at least days prior to elections.

Article V.

This act of incorporation may be changed, altered, or modified, or this corporation dissolved, with the assent of three-fourths of the stock present or represented at any general meeting of the stockholders convened for that purpose after thirty days' prior notice of such meeting shall have been given by publication in one of the daily newspapers published in the City of by five publications during said period, and such changes as may be made in reference to the capital stock shall require in addition days' notice in writing to each stockholder.

Article VI.

Whenever this corporation is dissolved, either by limitation of its charter or from any cause, its affairs shall be liquidated by commissioners to be appointed from among the stockholders at a meeting of the stockholders convened for that purpose after days' prior notice shall have been given by the Secretary to each stockholder. Said commissioners shall remain in office until the affairs of said corporation shall have been fully liquidated. In case of the death of either commissioner, the survivor shall continue to act.

Article VII.

No stockholder of this corporation shall ever be held liable or responsible for the contracts or faults thereof in any further sum than the unpaid balance due to the corporation on the shares owned by him, nor shall any mere formality in organization have the effect of rendering this charter null, nor of exposing a stockholder to any liability beyond the amount of his stock.

The subscribers hereto have each written opposite their names the number of shares subscribed for, so that this act may also serve as the original subscription list.

Thus done and passed in my notarial office in the City of aforesaid, in the presence of and , competent witnesses of lawful age and residing in this city, who hereunto subscribe their names, together with said parties and me, notary, on the day and date set forth in the caption hereof.

Original signed:

_____ and others.

Witnesses:

_____

_____

, *Notary Public.*

I, the undersigned, Recorder of Mortgages, in and for the Parish of , State of Louisiana, do hereby certify that the above and foregoing act of incorporation of the Company was this day duly recorded in my office, in book , folio , City of , (date)

Signed:

(SEAL.) *Recorder.*

I hereby certify the foregoing and within to be a true and correct copy of the original act of incorporation of the Company, together with the certificate of the Recorder of Mortgages on file and of record in my office.

In faith whereof I hereunto set my hand and seal this day of , A. D. 190 .

(SEAL.) , *Notary Public.*

MAINE.

ARTICLES OF ASSOCIATION.

In accordance with the Revised Statutes of the State of Maine, Chapter 47, Sections 6, 7, 8, and 10, we, the undersigned, whose residences are set opposite our respective names, hereby associate ourselves together by these written Articles of Agreement for the purpose of forming a corporation under the laws of the State of Maine, the purposes of which said corporation are:

The first meeting of said associates shall be held in accordance with the provisions of Section 7 of Chapter 47, at the office of , No. St., , Maine, on , the day of , A. D. 190 .

Dated at , this day of , 190 .

Names.	Residences.
_____	_____
_____	_____
_____	_____

Waiver of Notice of First Meeting of Incorporators.

We, the undersigned, being all the signers of the foregoing Articles of Association, hereby waive notice of the time, place, and purpose of the first meeting of the signers of said Articles of Association as required by Section 7 of Chapter 47 of the Revised Statutes of the State of Maine, and acts additional thereto and amendatory thereof, and do hereby fix the day of , A. D. 190 , at o'clock in the forenoon as the time, and the office of , No. , Maine, as the place of said meeting, and we do hereby severally consent that said first meeting be held at the time, place, and for the purposes aforesaid, to wit:

1. To organize into a corporation.
2. To adopt a corporate name.
3. To define the purposes of the corporation.
4. To fix the amount of capital stock, and divide same into shares.
5. To elect a President, not less than three Directors, a Clerk, a Treasurer, and all other necessary officers.
6. To adopt a Code of By-Laws.
7. To act upon any further business which may properly come before the meeting.

Dated at , Maine, this day of , 190 .

_____
_____
_____

First Meeting.

Pursuant to the foregoing Articles of Association and Waiver of Notice of First Meeting of Incorporators, signed by all the incorporators, a meeting of said signers of said articles was held at the office of , No. Street, , Maine, on the day of 190 , at o'clock in the noon.

Of the signers the following were present:

The meeting was called to order by was chosen Chairman and presided, and was chosen Clerk.

The clerk was then duly sworn as appears by the following certificate:

STATE OF MAINE.

PORTLAND, 190 .

Cumberland, ss.

Then personally appeared , Clerk of the Meeting of Associates, mentioned in the foregoing Articles of Agreement, and made oath that he would faithfully and impartially perform the duties of his office.

Before me,

, *Justice of the Peace.*

The original Articles of Association and Waiver of Notice of First Meeting of Incorporators were presented and ordered to be made a part of this record.

On motion it was *Voted:* To organize a corporation under Sections 6, 7, 8, and 10 of Chapter 47 of the Revised Statutes of Maine, and acts additional thereto and amendatory thereof.

On motion it was *Voted:* That the name of the corporation shall be:

On motion it was *Voted:* That the purposes of said corporation shall be as set forth, stated, specified, and defined in the Articles of Association, which are expressly referred to and made a part of this vote.

On motion it was *Voted:* That the place of business of this corporation shall be at , Maine, but the corporation may maintain other general offices and places of business at such other place or places, either within or without this State, as the Directors may from time to time determine to be for the interests of the corporation.

On motion it was *Voted:* That the capital stock of this corporation shall be and is hereby fixed at dollars, divided into shares of the par value of dollars each.

On motion it was *Voted:* That the chairman appoint a Committee of one to examine and report at once the names and residences of persons who have subscribed for stock in this company, and the amount of stock subscribed for by each. The Clerk was appointed as such Committee, and made the following report of the list of stockholders, and the report was accepted, and the persons therein named were declared to be stockholders in this corporation.

REPORT OF COMMITTEE.

Names.	Residences.	No. of Shares.

The following subscriptions for stock were then filed:

SUBSCRIPTION FOR STOCK.

, MAINE, , 190 .

We, the undersigned, hereby severally agree, each with the other, and with the corporation hereinafter named, in consideration of the mutual agreements herein contained, to make, pay for, and receive the number of shares set opposite our respective names, of the capital stock of the Company.

Names.	Residences.	No. of Shares.

On motion it was *Voted:* To have the following Code of

BY-LAWS: (Here insert same.)

On motion it was *Voted:* To proceed to the election of officers for the ensuing year by written ballot, and that the Clerk be a Committee to receive, sort, and count the votes thrown. Having attended to that duty, he reported that for directors, received votes, being all the votes thrown; that for Treasurer, received votes, being all the votes thrown; that for Clerk, received votes, being all the votes thrown;

that for Secretary, received votes, being all the votes thrown, and the report was accepted and the persons therein named were declared to be duly elected to the respective offices.

The Clerk was then duly sworn, as appears by the following Certificate:

STATE OF MAINE.

PORTLAND, , 190 .

Cumberland, ss:

Then personally appeared the above-named , and being duly sworn, made oath that he would faithfully and impartially perform the duties of his said office.

Before me,

, *Justice of the Peace.*

On motion it was *Voted:* To proceed to the election of an Executive Committee of members, and that the Clerk be a Committee to receive and sort and count the votes thrown. Having attended to that duty, he reported that for members of the Executive Committee had received votes, being all the votes thrown.

On motion it was *Voted:* To prepare a Certificate of Incorporation setting forth the name and purposes of the corporation and other particulars required by said Chapter 47, and the same was accordingly done.

On motion it was *Voted:* To adjourn.

Adjourned.

, *Secretary.*

Attest: , *Clerk of Meeting of Associates.*

RATIFICATION OF RECORDS.

We, the undersigned, being all the members of said corporation, hereby acknowledge that the above are true records of the organization of the aforesaid corporation, and all the proceedings of the aforesaid meeting, and hereby consent to approve, ratify, and confirm all of the aforesaid proceedings and the above records thereof.

Dated , Maine, this day of 190 .

A true copy of the records of the proceedings of the first meeting.

Attest:

, *Clerk.*

CERTIFICATE OF ORGANIZATION OF A CORPORATION UNDER THE GENERAL LAW.

The undersigned, officers of a corporation organized at , Maine, at a meeting of the signers of the articles therefor, duly called and held at the office of , in the City of , on the day of , A. D. 190 , hereby certify as follows:

The name of said corporation is:

The purposes of said corporation are:

The amount of capital stock is dollars.

The amount of capital stock already paid in is .

The par value of the shares is dollars.

The names and residences of the owners of said shares are as follows:

Names.	Residences.	No. of Shares.

Unissued and in the Treasury.

Total.

Said corporation is located at in the County of .
The number of directors is , and their names are .
The name of the Clerk is , and his residence is .
The undersigned is President; the undersigned is Treasurer; and the undersigned are a majority of the Directors of said corporation.

Witness our hands this day of , A. D. 190 .

, *President.*
, *Treasurer.*
, *Directors.*

, 190 .

ss.

Then personally appeared and severally made oath to the foregoing certificate that the same is true.

Before me,

, *Justice of the Peace.*

STATE OF MAINE.

Attorney General's Office, 190 .

I hereby certify that I have examined the foregoing certificate, and the same is properly drawn and signed, and is conformable to the Constitution and laws of the State.

, *Attorney General.*

Company.
ss.
Registry of Deeds.

Received 190 .
at h. M. M.
Recorded in Vol. Page .
Attest: , *Register.*
A true copy of record.
Attest:
, *Register.*

MARYLAND.

CERTIFICATE OF INCORPORATION.

Know all Men by these Presents: That we, being citizens of the United States and a majority of whom are citizens of the State of Maryland, do hereby certify that we do under and by virtue of the General Laws of this State, authorizing the formation of corporations, hereby form a corporation under the name of of . City.

2. *We do further Certify*, That the said corporation so formed is a corporation for ; that the term of existence of said corporation is limited to years; and that the said corporation is formed upon the articles, conditions and provisions herein expressed, and subject in all particulars to the limitations relating to corporations which are contained in the General Laws of this State.

3. *We do further Certify*, That the operations of said corporation are to be carried on in and that the principal office of said corporation will be located in City.

4. *We do further Certify*, That the aggregate of the capital stock of the said corporation is dollars, and that the said capital is divided into shares, of the par value of dollars each.

5. *We do further Certify*, That the said corporation will be managed by

(Board of Directors), and that are the names of the (Directors) who will manage the concerns of the said corporation for the first year.

In Witness Whereof, We have hereunto set our hands and seals this day of , in the year nineteen hundred and .

WITNESS:

_____ (SEAL)
_____ (SEAL)
_____ (SEAL)
_____ (SEAL)
_____ (SEAL)

State of Maryland:
Baltimore City, to wit:

Before the subscriber, a Notary Public, of the State of Maryland, in and for the City of personally appeared on this day of , nineteen hundred and , and did severally acknowledge the foregoing certificate to be their act and deed.

Witness my hand and notarial seal.

I, , one of the Judges of the do hereby certify that the foregoing certificate has been submitted to me for examination; and *I do further Certify,* That the said certificate is in conformity with the provisions of the law authorizing the formation of said corporation.

MASSACHUSETTS.

We, whose names are hereto subscribed, do, by this agreement, associate ourselves with the intention of forming a corporation according to the provisions of Chapter 437 of the Acts of the year 1903, of the Commonwealth of Massachusetts, and the Acts in amendment thereof and in addition thereto.

The name by which this corporation shall be known is

The location of the principal office of the corporation within the Commonwealth is the of , and outside the Commonwealth, the of , State of .

The purposes for which the corporation is formed and the nature of the business to be transacted by it are as follows:

The total amount of the capital stock to be authorized is dollars. The par value of its shares is, preferred dollars, common dollars. The number of its shares is, preferred , common .

(State the restrictions, if any, imposed upon the transfer of stock, and if there are to be two or more classes of stock, a description of the different classes, and a statement of the terms on which they are to be created, and the method of voting thereon.)

(State any other provisions not inconsistent with law for the conduct and regulation of the business of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or stockholders, or any class of stockholders.)

The first meeting shall be called by of (or if notice is waived), and we hereby waive all requirements of the statutes of Massachusetts for notice of the first meeting for organization, and appoint the day of at o'clock M., at as the time and place of holding said meeting.

The names and residences of the incorporators, and the amount of stock subscribed for by each, are as follows:

Name.	Residence.	Amount subscribed for.

In witness whereof, we have hereunto set our hands, this day of in the year nineteen hundred and .

NOTICE OF FIRST MEETING.

To

You are hereby notified, that the first meeting of the subscribers to an agreement to associate themselves with the intention of forming a corporation to be known by the name of dated , for the purpose of organizing said corporation by the adoption of by-laws, and election of officers, and the transaction of such other business as may properly come before the meeting, will be held on , the day of , at o'clock, M., at .

One of the subscribers to said agreement.

, 190 .

, 190 .

State of }
County of } ss.

I certify that I have served the foregoing notice upon each of the subscribers by copy served as follows (state whether delivered in hand, or deposited in the post-office, postpaid, addressed to each at his place of business or residence, or left at his residence or usual place of business) seven days at least before the day fixed for the first meeting.

_____

_____ 190 .

County of , ss.

Subscribed and sworn to,

Before me,

, *Justice of the Peace.*

We, being a majority of the directors of the Company, elected at its first meeting in compliance with the requirements of Section 11 of Chapter 437 of the Acts of 1903, do hereby certify that the following is a true copy of the agreement of association to form said corporation, with the names of the subscribers thereto:

We, whose names are hereto subscribed, do, by this agreement, associate ourselves with the intention of forming a corporation according to the provisions of Chapter 437 of the Acts of the year 1903 of the Commonwealth of Massachusetts, and the acts in amendment thereof and in addition thereto.

The name by which the corporation shall be known is .

The location of the principal office of the corporation within the Commonwealth is the of , and outside the Commonwealth the of , State of .

The purposes for which the corporation is formed and the nature of the business to be transacted by it are as follows:

The total amount of its capital stock to be authorized is dollars. The par value of its shares is, preferred , common dollars. The number of its shares is, preferred , common .

(State any other provisions set out in the original certificate.)

The first meeting shall be called by of (or if notice is waived), and we hereby waive all requirements of the statutes of Massachusetts for notice of the first meeting for organization, and appoint the day of at o'clock, M., at as the time and place of holding said first meeting.

The names and residences of the incorporators and the amount of stock subscribed for by each are as follows:

Name. Residence. Amount subscribed for.

In Witness Whereof, we have hereunto set our hands this day of in the year nineteen hundred and .

That the first meeting of the subscribers to said agreement was held on the day of in the year nineteen hundred and .

That the amount of the capital stock now to be issued is shares of preferred stock and shares of common stock, to be paid for as follows:

AMOUNT AND CLASS OF STOCK ISSUED.

	Shares Preferred.	Shares Common.
In Cash:		
In full		
By instalments		
Amount of instalment to be paid before commencing business		
In property:		
Real Estate:		
Location		
Area		
Personal Property:		
Machinery		
Merchandise		
Bills Receivable		
Stocks and Securities		
Patent Rights		
Trade marks		
Copyrights		
Goodwill		
Services		
Expenses		

(State clearly the nature of such services or expenses and the amount of stock to be issued therefor.)

The name, residence, and post-office address of each of the officers are as follows:

Name of Office.	Name.	Residence.	P. O. Address.
President,			
Treasurer,			
Clerk or Secretary,			
Directors,			

In Witness Whereof, we have hereunto signed our names this day of in the year nineteen hundred and .

COMMONWEALTH OF MASSACHUSETTS.

, 190 .

County of , ss.

Then personally appeared the above-named , and severally made oath that the foregoing certificate by them subscribed is true to the best of their knowledge and belief.

Before me,

, *Notary Public.*

MICHIGAN.

ARTICLES OF ASSOCIATION

OF

We, the undersigned, desiring to become incorporated under the provisions of Act 232 of the Public Acts of 1903, entitled "An Act to revise and consolidate the

laws providing for the incorporation of manufacturing and mercantile companies or any union of the two, and for the incorporation of companies carrying on any other lawful business except such as are precluded from organization under this act by its express provisions, and to prescribe the powers and to fix the duties and liabilities of such corporations," and the acts amendatory thereof and supplementary thereto, do hereby make, execute, and adopt the following articles of association, to wit:

Article I.

The name assumed by this association, and by which it shall be known in law, is .

Article II.

The purpose or purposes of this corporation are as follows:

Article III.

The principal place at which operations are to be conducted is at , in the County of , State of .

Article IV.

The capital stock of the corporation hereby organized is the sum of dollars, of which dollars shall be common stock, and dollars shall be preferred stock. The preferred stock shall be subject to redemption at par on the day of , A. D. 190 , and the holder shall be entitled to a dividend of per cent per annum, payable , which shall be cumulative and payable before any dividend shall be set apart or paid on the common stock. The preferred stockholders shall be entitled to vote for directors.

Article V.

The number of shares into which the capital stock is divided is of the par value of dollars each.

Article VI.

The amount of common stock subscribed is dollars. The amount of preferred stock subscribed is dollars.

Article VII.

The amount of common stock actually paid in is the sum of dollars, of which dollars has been paid in cash, and dollars has been paid in other property, an itemized description of which, with the value at which each item is taken, is as follows, viz.:

The amount of preferred stock actually paid in is the sum of dollars, of which dollars has been paid in cash, and dollars has been paid in other property, an itemized description of which, with the valuation at which each item is taken, is as follows, viz.:

Article VIII.

The office in the State of Michigan for the transaction of business shall be kept at

Article IX.

The term of existence of this corporation is fixed at years from the date hereof.

Article X.

The names of the stockholders, their respective residences, and the number of shares of stock subscribed for by each are as follows:

Names.	Residence.	No. of Shares.

In Witness Whereof, we, the parties hereby associating, for the purpose of giving legal effect to these articles, hereunto sign our names, this day of A. D. 190 .

Names. Names.

State of Michigan, } ss.
County of }

On the day of , 190 , before me, personally appeared (names of incorporators) to me known to be the persons described in and who executed the foregoing instrument, acknowledged they executed the same as their free act and deed.

, *Notary Public,*
County, Michigan.

MINNESOTA.

CERTIFICATE OF INCORPORATION OF THE COMPANY.

We, the undersigned, for the purpose of forming a corporation under and pursuant to the provisions of Chapter fifty-eight (58), Revised Laws of Minnesota for 1905, and any amendments thereof, do hereby associate ourselves as a body corporate, and do hereby adopt the following Certificate of Incorporation:

Article I.

The name of the corporation shall be . The general nature of its business shall be . The principal place of transacting the business of this corporation shall be the city of , county of , Minnesota.

Article II.

The time for the commencement of this corporation shall be , 190 , and the period of its duration shall be thirty years.

Article III.

The names and places of residence of the persons forming this corporation are of , of , and of .

Article IV.

The management of this corporation shall be vested in a Board of Directors, composed of not less than and not more than members. The names and addresses of the first Board of Directors are , and . The first officers of this corporation shall be, President, , Vice-President, , Secretary, , and Treasurer, . All of the above named officers and directors shall hold their respective offices aforesaid until the next annual meeting of the corporation, to be held , 190 , at which time and annually thereafter a Board of Directors shall be elected from and by the stockholders of this corporation. The annual meeting of the corporation shall be held at its principal place of business on the Tuesday in in each year. Immediately after the election of directors, or as soon thereafter as practicable, the directors shall meet and elect from their number a

president and a vice-president, and from their number or from the stockholders a secretary and a treasurer. Any office except that of president and vice-president may be held by one person. The directors and officers of this corporation shall hold their respective offices until their successors have been duly elected and entered upon the discharge of their duties. The first meetings of the stockholders and of the Board of Directors shall be held at on the day of , 190 , at 10 o'clock respectively.

Article V.

The amount of the capital stock of this corporation shall be dollars, which shall be paid in, in money or property, or both, in such a manner, at such times, and in such amounts as the Board of Directors shall order. The capital stock shall be divided into shares of the par value of $ each.

Article VI.

The highest amount of indebtedness or liability to which this corporation shall at any time be subject shall be the sum of $.

In Testimony Whereof, we have hereunto set our hands, this day of 190 .

In presence of

State of Minnesota, } ss.
County of }

On this day of , 190 , personally appeared before me , to me known to be persons named in and who executed the foregoing Certificate of Incorporation, and each acknowledged that he executed the same as his free act and deed, for the uses and purposes therein expressed.

, *Notary Public*, *County, Minn.*

My commission expires .

MISSISSIPPI.

THE CHARTER OF INCORPORATION

OF

Section One. Be it known, That and their associates, successors, and assigns, are hereby created and constituted a body corporate, and as such shall have succession for a period of fifty years.

Section Two. The domicile of said corporation shall be at , Mississippi, but may be changed to any other point within Mississippi by a vote of the holders of a majority of the stock of said corporation.

Section Three. Said corporation is empowered and authorized to have and to hold, receive, purchase, and enjoy real estate and personal property, and the same, or any part thereof, to sell, rent, lease, convey, mortgage, or otherwise encumber; to issue notes, bonds, debentures or other evidences of debts; to sue and be sued, contract and be contracted with; to plead and be impleaded in the courts of the country; to use a common seal, and the same to change, alter, or renew at pleasure. And said corporation is further authorized and empowered to do all other acts necessary to promote its welfare which are not in conflict with the laws of the State of Mississippi or of the United States of America. And said corporation shall have and enjoy all the powers, privileges, and rights conferred upon corporations by Chapter 25 of the Annotated Code of 1892.

Section Four. The purposes for which the corporation is created are, and it is

hereby authorized and empowered to , and said corporation is further authorized to do all acts necessary and convenient in the judgment of the officers or directors of said corporation, for the welfare and business of said corporation; and said corporation shall have, possess, and enjoy all the rights, powers, and privileges enumerated in or created or conferred by Chapter 25 of the Annotated Code of 1892, which are necessary and proper for carrying out the purposes of this charter.

Section Five. The capital stock of said corporation shall be divided into shares of each, but said capital stock may be increased or diminished at any time by a vote of the holders of a majority of the capital stock of said corporation.

Section Six. The management of the business of said corporation shall be confined to such a number of directors as may be fixed, and altered from time to time, by a vote of a majority of the stock issued by said corporation; said directors shall be stockholders of said corporation; the majority of said directors shall constitute a quorum for the transaction of business. The said directors shall elect from their number a President, and also elect a Vice-President, a Secretary, and a Treasurer, and may appoint or elect such other officers, agents, or employees as they may deem proper; shall hold office until their successors are duly elected and shall have qualified, and shall have power to fill all vacancies in their number caused by death, resignation, or otherwise.

Section Seven. The directors of said corporation shall have power and authority to make any and all needful rules, by-laws, and regulations for the control and management of the business affairs and property of said corporation, and may from time to time alter or renew the same as they may see fit.

Section Eight. At all stockholders' meetings a vote of the holders of a majority of the stock then present in person or by proxy shall decide all questions legally submitted at such meeting. Each stockholder shall be entitled to one vote for each share of stock held by him, it, or her, but all elections of directors or managers of said corporation shall be held in accordance with Section 194 of the Constitution of Mississippi and Section 837 of the Annotated Code of Mississippi.

Section Nine. No stockholder of any such corporation shall be in any way personally liable for the debts of said corporation beyond the amount of his, her, or its unpaid subscription to said stock.

Section Ten. All subscriptions to said capital stock shall be paid for in cash or property.

Section Eleven. Any two of said incorporators may open books of subscription to the capital stock of said corporation, and as soon as shall have been subscribed, said corporation may organize, elect directors, and commence business.

Witness our hands and seals this day of .

State of }
County of } ss.

Personally appeared before me the within named , who acknowledged that they signed and delivered the foregoing instrument on the day and year therein mentioned.

Given under my hand and official seal this the day of , 190 .

FORM FOR REPORT OF ORGANIZATION IN MISSISSIPPI.

The Company, incorporated the day of , 190 , was organized on the day of in the County of , by the election of as directors (or trustees), who elected the following officers to serve for year .

The post-office address of the President is ; of the Secretary is .

I, , elected President of the Company on the day of , 190 , certify that the foregoing report of the organization of said corporation is correct and true.

, *President.*

Attest: , *Secretary.*

MISSOURI.

FORM FOR INCORPORATING MANUFACTURING AND BUSINESS CORPORATIONS.

Know all Men by these Presents: That we, the undersigned, desirous of forming a corporation under the laws of Missouri, and more particularly under the provisions of Article IX. Chapter 12, R. S. 1899, governing the formation of manufacturing and business companies, do hereby enter into the following agreement:

First. That the name of the corporation shall be (name designating the business contemplated; but not the name of any corporation existing under the laws of this State for similar purposes. When the name of a person or firm is assumed, it must be joined with some word designating the business to be carried on, followed by the word "company" or "corporation").

Second. That the corporation shall be located in the of the County, Missouri.

Third. That the amount of the capital stock of this Company shall be thousand dollars, of which dollars shall be preferred stock, — which shall be entitled to a preferential dividend of (not exceeding 8 per cent) per annum, — divided into shares of the par value of dollars each; that the same has been *bona fide* subscribed and (at least one-half) thereof actually paid up in lawful money of the United States, which is in the custody of the persons hereinafter named as the first Board of Directors.

Fourth. That the names, places of residence of the several shareholders, and the number of shares of stock, both common and preferred, subscribed for by each, are as follows:

Common Stock.

Name.	Residence.	Number of Shares.

Preferred Stock.

Name.	Residence.	Number of Shares.

Fifth. The Board of Directors shall consist of (not less than three nor more than thirteen; at least three of whom shall be citizens and residents of Missouri) shareholders, and the names of those agreed on for the first year are:

Sixth. That the corporation shall continue for a term of (not exceeding fifty) years.

Seventh. That the corporation is formed for the following purposes:

In Testimony Whereof, we have hereunto set our hands this day of 190 .

(Signatures.)

State of Missouri, } ss.
County of }

On this day of , 190 , before me personally appeared (names of all the stockholders), to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

In Testimony Whereof, I have hereunto set my hand and affixed my notarial seal the day and year last above mentioned.

, *Notary Public.*

My commission expires , 190 .
(SEAL.)

MONTANA.

State of Montana, } ss.
County of }

We, , do by these presents, pursuant to and in conformity with Article I. of Chapter I., Title I., and Part IV. of the Civil Code of the State of Montana, associate ourselves together, and do hereby adopt the following Articles of Incorporation:

1. The corporate name of said company is hereby declared to be:
2. The objects for which the company is formed are as follows:
3. The names of the city, town, or locality, and county in which the operations of the said company are to be carried on are:
4. The said company shall commence on the day of in the year one thousand nine hundred and , and shall continue in existence for the term of years.
5. The number of trustees who shall manage the concerns of said company for the first three months, shall be , and their names and addresses are
6. The capital stock of the said company shall be dollars, which shall be divided into shares of dollars each.
7. Amount actually subscribed is dollars, subscribed by (here insert names and addresses of subscribers).
8. The stock is assessable.

Witness Our hands and seals, this day of , 190 .

State of Montana, } ss.
County of }

On this day , A. D. 190 , before me , a in and for said county and State, personally appeared , whose names are subscribed to the foregoing instrument as the parties thereto, known to me to be the same persons described in, and who executed the said foregoing instrument, and who each of them duly acknowledged to me that they each of them respectively executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

NEBRASKA.

ARTICLES OF INCORPORATION
OF THE
———— COMPANY.

We, the undersigned, incorporators, do hereby, in pursuance of the Statutes of the State of Nebraska in such cases made and provided, associate ourselves as a body politic and corporate in the manner and for the purposes hereinafter mentioned.

Art. I.

The said corporation shall be named and known as Company.

Art. II.

The principal place of transacting the business of the corporation shall be in the City of , County, Nebraska.

Art. III.

The general nature of the business to be transacted by the corporation is:

Art. IV.

The authorized capital stock of the corporation shall be dollars, divided into shares of dollars each; which shall be fully paid up when issued, of such shares shall be subscribed for and fully paid up upon the organization of the corporation, the remaining shares, or any part thereof, may be issued at any time by the Board of Directors. The stockholders of the company shall be entitled to a *pro rata* distribution of all subsequent issues of stock, in such manner and under such rules and regulations as may be prescribed by the Board of Directors. Said stock may be paid for in cash, or its equivalent in property necessary and useful to the corporation in the transaction of its business.

Art. V.

The highest amount of indebtedness or liability to which the corporation may at any time subject itself shall not exceed an amount equal to per cent of the capital stock issued.

Art. VI.

The corporation shall date from and commence on the day of , 190 , and it shall terminate on the day of , 190 .

Art. VII.

The affairs and business of the corporation shall be conducted by a Board of Directors, and by the officers by them to be elected, as hereinafter provided.

Art. VIII.

The first meeting of the stockholders shall be held on the date of the commencement of the corporation, or as soon thereafter as practicable, and thereafter their regular annual meeting shall be held in the City of on the day of . At said first meeting, and at the annual meetings thereafter, the Board of Directors shall be elected by the stockholders from their own number, to hold office until the annual meeting next after their election and until their successors are elected and qualified.

Art. IX.

The Directors shall in each instance, as soon as convenient after their election, elect from their own number a President, Vice-President, Secretary, and Treasurer, who shall hold office until the annual meeting next after their election and until their successors are elected and qualified. Any two of said offices may be held by one and the same person, except the offices of President and Vice-President.

Art. X.

The Board of Directors shall have full power and authority to make all rules and by-laws for the proper government and control of all the business affairs of the corporation, and they may alter and amend the same at pleasure.

Art. XI.

Vacancies occurring in the Board of Directors shall be filled by the stockholders, and other offices vacant from whatever cause shall be filled by the Board of Directors.

Art. XII.

These articles of incorporation may be amended at any time. Every amendment shall be first approved by a two-thirds vote of the entire Board of Directors, and upon being so approved, it shall be entered at large upon the records of the Board. A draft of the proposed amendment or amendments, as the case may be, shall then be submitted to each stockholder, with the notice of the meeting called for the purpose of voting upon the same, which notice shall be given ten days at least prior to the date fixed for the meeting. If such amendment or amendments, or either of them, shall then be approved by the holder or holders of two-thirds of

the capital stock of the corporation, each and every amendment so approved shall be considered adopted and be made a part of the Articles of Incorporation, and the Board of Directors shall thereafter subscribe, acknowledge, record, and publish the same, as by law required.

In Testimony Whereof, we have hereunto set our hands this day of , .

In presence of:

State of Nebraska, } ss.
County of }

On this day of personally before me (name of officer and title of office held) in and for County, Nebraska, duly commissioned and qualified came , to me well known to be the identical persons whose names are affixed to the foregoing articles of incorporation, and they severally acknowledged the execution of the same to be their voluntary act and deed for the purposes in said articles expressed. In testimony whereof I have hereunto subscribed my hand and affixed my official seal the day and date last above written.

Notary Public,
County, Nebraska.

NEVADA.

ARTICLES OF INCORPORATION OF

_____ COMPANY.

Know all Men by these Presents: That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of Nevada; and we hereby certify:

First. The name of this corporation is

Second. The location of the principal office of this corporation in the State of Nevada is in the Building, Number Street, in the City of , County of , and State of Nevada.

Third. The objects for which this corporation is formed are:

Fourth. The total authorized capital stock of this corporation shall be dollars (not less than $2,000), divided into shares of the par value of dollars per share. The amount of subscribed capital stock with which it will commence business is dollars (not less than $1,000). The amount actually subscribed is dollars, and the amount actually paid up is dollars. (At this point should be stated a description of different classes of stock, terms of their creation, and amount of each class subscribed, and the amount paid thereon; or if a non-stock corporation, state the terms and condition of membership.)

Fifth. The names and post-office addresses and residences of each of the original subscribers to the capital stock, and the amount subscribed by each are as follows:

Names (not less than three). P. O. Address and Residence. No. of Shares. Amount subscribed.

Sixth. The period of existence of this corporation is unlimited.

Seventh. The members of the Governing Board of this corporation shall be styled directors, and shall be in number.

Eighth. The resident agent of this corporation who shall be in charge of said company in the State of Nevada shall be , a resident of , County, Nevada, whose office is at No. Street, in said City of .

Ninth. The capital stock of this corporation after the amount of the subscribed price or par value has been paid in, or it has been issued as fully paid up, shall not be subject to assessment to pay debts of the corporation.

Tenth. (Here may be added such regulations and details as may be desired for regulating the business, officers, etc.)

In Witness Whereof, we have hereunto set our hands this day of , A. D. 19 . (Signatures.)

Witnesses:

State of }
County of } ss.

Be it remembered that on this day of , A. D. 190 , personally appeared before me, a in and for said County and State, , known to me to be the persons described in, and who executed the foregoing instrument, who acknowledged to me that they executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

NEW HAMPSHIRE.

ARTICLES OF AGREEMENT.

The undersigned, being persons of lawful age, hereby associate under the provisions of Chapter 147 of the Public Statutes of New Hampshire, by the following articles of agreement:

Article 1. The name of this corporation shall be:

Article 2. The object for which this corporation is established is:

Article 3. The place in which the business of this corporation is to be carried on is:

Article 4. The amount of the capital stock is to be dollars, and shall be divided into shares of the par value of $ each.

Article 5. The first meeting of the corporation shall be held at , on the day of at the hour of M. Further notice of the time and place of said meeting is hereby waived.

Article 6. If desired, a statement may be inserted as to what officers of the corporation are to be provided for in the by-laws.

Names (at least five).	Post-Office Addresses.
(Incorporators)	

NEW JERSEY.

CERTIFICATE OF INCORPORATION

OF THE

We, the undersigned, in order to form a corporation for the purposes hereinafter set forth, under and pursuant to the provisions of the Act of the Legislature of the State of New Jersey, entitled "An Act Concerning Corporations (Revision of 1896)," and the acts amendatory thereof and supplemental thereto, do hereby certify as follows:

Article I.

The name of the corporation is:

Article II.

The principal and registered office of the Company is in the Building, , New Jersey, and the name of the agent therein and in charge thereof, and upon whom process against this corporation may be served, is

Article III.

The objects for which and for each of which the corporation is formed are:

It is the intention that the objects, purposes, and powers specified in the clauses contained in this third paragraph shall, except where otherwise expressed in said

paragraph, be nowise limited or restricted by reference to or inference from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes, and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes, and powers.

Article IV.

The following provisions for the regulation of the business and the conduct of the affairs of the Company are hereby established:

The corporation may use and apply its surplus earnings or accumulated profits authorized by law to be reserved, to the purchase or acquisition of property, and to the purchase or acquisition of its own capital stock from time to time, to such extent and in such manner and upon such terms as its Board of Directors shall determine; and neither the property nor the capital stock so purchased and acquired, nor any of its capital stock taken in payment or satisfaction of any debt due to the corporation, shall be regarded as profits for the purposes of declaration or payment of dividends, unless otherwise determined by a majority of the Board of Directors or a majority of the stockholders.

The corporation in its by-laws may prescribe the number necessary to constitute a quorum of the Board of Directors, which number may be less than a majority of the whole number.

The Board of Directors shall have power, without the assent or vote of the stockholders, to make, alter, rescind, or amend the by-laws of the corporation, to fix the amount to be reserved as working capital, to authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation; and from time to time to sell, assign, transfer, or otherwise dispose of any or all of the property of the corporation, but no such sale of all the property shall be made except pursuant to the vote of at least two-thirds of the Board of Directors.

The Board of Directors from time to time shall determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account or book or document of the corporation, except as conferred by statute or authorized by the Board of Directors, or by a resolution of the stockholders.

The Board of Directors shall have power to hold its meetings, to have one or more offices, and to keep the books of the corporation (except the stock and transfer books) outside of the State of New Jersey at such places as may be from time to time designated by them.

Article V.

The Company shall be authorized to issue capital stock to the amount of dollars. The number of shares of which the capital stock shall consist is shares of the par value of dollars each. (If preferred stock is desired, insert provisions therefor at this point.)

Article VI.

The names and post-office addresses of the incorporators, and the number of shares of stock for which severally and respectively we do hereby subscribe, the aggregate of our said subscriptions being dollars, is the amount of capital stock with which the Company will begin business, are as follows:

Names.	Post-Office Addresses.	No. of Shares.

Article VII.

The duration of the Company shall be perpetual.

In Witness Whereof, we have hereunto set our hands and seals this day of 190 .

(L. S.)
(L. S.)
(L. S.)

State of }
County of } ss.

Be It Remembered, that on this day of , 190 , before me, a Notary Public in and for said County, personally appeared , who I am satisfied are the persons named in, and who executed the foregoing certificate, and I having first made known to them the contents thereof, they did each acknowledge that they signed, sealed, and delivered the same as their voluntary act and deed.

, *Notary Public.*

(For use when acknowledgment is taken out of the State.)

State of }
County of } ss

I, Clerk of the County of and also Clerk of the Supreme Court for the said County, the same being a Court of record, *Do Hereby Certify* that , whose name is subscribed to the Certificate of the proof or acknowledgment of the annexed instrument and thereon written, was at the time of the taking of such proof of acknowledgment a Notary Public, in and for said County, duly commissioned and sworn and authorized by the laws of said State to take the acknowledgments and proofs of deeds or conveyances for lands, tenements, or hereditaments, in said State of . And further, that I am well acquainted with the handwriting of such Notary Public, and verily believe that the signature to said certificate of proof of acknowledgment is genuine.

In testimony whereof, I have hereunto set my hand and affixed the seal of the said Court and County the day of , 190 .

, *Clerk.*

NEW MEXICO.

CERTIFICATE OF INCORPORATION

OF THE

———— COMPANY.

We, the undersigned, for ourselves, our associates and successors, have associated ourselves together for the purpose of forming a corporation under the laws of the Territory of New Mexico, United States of America, and we hereby certify and declare as follows, to wit:

I. The name of the corporation is:

II. The principal and registered office of the Company is at No. Street, in the city (or town) of in the Territory of New Mexico, and the name of the agent therein and in charge thereof, and upon whom process against this corporation may be served, is:

III. The objects for which and for each of which the corporation is formed are:

V. The following provisions for the regulation of the business and the conduct of the affairs of the company are hereby established:

VI. The company shall be authorized to issue capital stock to the amount of dollars (not less than $3,000). The number of shares of which the capital stock shall consist is shares, of the par value of each. The amount of capital stock with which the company shall commence business shall be dollars (not less than $2000). (If preferred stock is desired, insert the provisions therefor in this article.)

VII. The number of directors who shall manage the concerns of the company for the first three months are , all of whom are citizens of the United States, and one of whom is a resident of New Mexico. The names and addresses of said first Board of Directors are as follows:

Names. Addresses.

VIII. The duration of the corporation shall be fifty years.

IX. The names and post-office addresses of the incorporators and the number of shares of stock for which severally and respectively we do hereby subscribe, the

aggregate of our said subscriptions being dollars, and is the amount of capital stock with which the Company will begin business, are as follows:

Names.	Post Office Addresses.	No. of Shares.

In Witness Whereof, we have hereunto set our hands and seals this day of , 190 .

(L. S.)
(L. S.)
(L. S.)

State of }
County of } ss.

I certify that on this day of , 190 , before me personally came , to me personally known, and known to me to be the same persons described in and who executed the foregoing instrument, and severally duly acknowledged to me that they had signed and executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at said county the day and year last above written.

, *Notary Public*,
County.

TERRITORY OF NEW MEXICO.

Office of the Secretary.

CERTIFICATE.

I, , Secretary of the Territory of this office, do hereby certify there was filed for record in this office, at o'clock, M., on the day of , A.D. 190 ,

ARTICLE OF INCORPORATION

OF THE

_____ COMPANY,

and also, that I have compared the foregoing copy of the same with the original thereof now on file, and declare it to be a correct transcript therefrom and of the whole thereof.

In Witness Whereof, I have hereunto set my hand and affixed my official seal this day of , 190 .

, *Secretary of New Mexico.*

NEW YORK

CERTIFICATE OF INCORPORATION

OF THE

_____

We, the undersigned, all natural persons of full age, two-thirds being citizens of the United States and one-third residents of the State of New York, desiring to form a stock corporation, pursuant to the provisions of the Business Corporation Law of the State of New York, do hereby make, sign, acknowledge, and file this certificate for that purpose as follows:

First. The name of the proposed corporation is:

Second. The purposes for which this corporation is formed are:

Third. The amount of the capital stock is dollars. The amount of capital with which the Company will begin business is dollars.

Fourth. The number of shares of which the capital stock shall consist is shares of the par value of dollars per share. (If preferred stock is to be issued, provision therefor should be made at this point.)

Fifth. The principal office of the corporation is to be located in:

Sixth. The duration of the Company will be perpetual.

Seventh. The number of its directors shall be:

Eighth. The names and post-office addresses of the directors for the first year are:

Names.	Post-Office Addresses.

Ninth. The names and post-office addresses of the subscribers and the number of shares which each agrees to take in the corporation are as follows:

Names.	No. of Shares.	Addresses.

Tenth. (Here insert provisions for the regulation of internal affairs if desired.)

In Testimony Whereof, the subscribers have made, signed, acknowledged, and filed this certificate.

Dated,

State of }
County of } ss.

I hereby certify that on this day of , 190 , before me personally came , to me personally known, and known to me to be the persons described in and who executed the foregoing instrument, and severally duly acknowledged to me that they executed the same.

, *Notary Public.*

(For use out of the State.)

State of }
County of } ss.

I, , Clerk of the County of , and also Clerk of the Court for the said County, the same being a Court of Record, *Do Hereby Certify*, that , whose name is subscribed to the Certificate of the proof or acknowledgment of the annexed instrument, and thereon written, was, at the time of the taking of such proof of acknowledgment, a Notary Public in and for the County of , dwelling in the said county, commissioned and sworn, and duly authorized to take the same. And further, that I am well acquainted with the handwriting of such Notary, and verily believe that the signature to the said certificate of proof of acknowledgment is genuine.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of the said Court and County, the day of , 190 .

, *Clerk.*

NORTH CAROLINA.

CERTIFICATE OF INCORPORATION

OF THE

———— COMPANY.

This is to certify that we do hereby associate ourselves into a corporation, under and by virtue of an act of the Legislature of the State of North Carolina (session 1901) entitled "An Act to Revise the Corporation Laws of North Carolina," and the several supplements thereto and acts amendatory thereof, and do severally agree to take the number of shares of capital stock set opposite our respective names.

First. The name of the corporation is Company.

Second. The location of the principal office in this State is at No. Street, in the of , County of .

Third. The objects for which this corporation is formed are to:

Fourth. The total authorized capital stock of this corporation is dollars, divided into shares of par value of dollars each.

Fifth. The names and post-office addresses of the incorporators and the number

of shares subscribed for by each, the aggregate of which, $, is the amount of capital stock with which this company will commence business, are as follows:

Name.	Post-Office Address.	No. of Shares.

Sixth. The period of existence of this corporation is limited to years.

Seventh. (Here insert any provisions for the regulation of internal affairs of the corporation that may be desired.)

In Witness Whereof, we have hereunto set our hands and seals the day of , 190 .

(SEAL.)
(SEAL.)

Signed, sealed, and delivered in the presence of

State of
County of

This is to certify that this day before me, a , personally appeared , who I am satisfied are the persons named in and who executed the foregoing certificate of incorporation, and I having first made known to them the contents thereof, they did each acknowledge that they did sign, seal, and deliver the same as their voluntary act and deed, for the uses and purposes therein expressed.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal, this day of , A. D. 190 .

NORTH DAKOTA.

ARTICLES OF INCORPORATION

OF THE

———— COMPANY.

Know all Men by these Presents: That we, the undersigned, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the State of North Dakota. And we hereby certify:

First. The name of the said corporation is the

Second. The purpose for which it is formed is to carry on the business of in the County of and State of North Dakota.

Third. That the place where its principal business is to be transacted shall be the of , County of , and State of North Dakota. But it may have a business office without this State at the City of , State of , and any meetings of incorporators, stockholders, or directors may be held at either of said offices.

Fourth. That the term for which it is to exist is years from and after the date of its incorporation.

Fifth. That the number of its directors shall be , and that the names and residences of those who are appointed to serve until their successors are elected and qualified are:

Names.	Residences.

Sixth. That the amount of the capital stock of this corporation shall be dollars, divided into shares of the par value of dollars each.

Seventh. That the amount of said capital stock which has been actually subscribed is dollars, and the following are the names of the persons by whom the same has been subscribed and number of shares held by each:

Names of Subscribers.	No. of Shares.	Amount.

In Witness Whereof, we have hereunto set our hands and seals this day of , one thousand nine hundred and .

(Signatures and seals.)

Signed and sealed in the presence of

State of North Dakota, }
County of }

On this day of , in the year one thousand nine hundred and , before me, a Notary Public in and for said county, personally appeared, known to me to be the persons who are described in, and who executed the within instrument, and they each duly acknowledged to me that they executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

(SEAL.)

, *Notary Public,*
Co.

OHIO.

ARTICLES OF COMPANY FOR PROFIT.

These articles of incorporation of the Company witnesseth: That we, the undersigned, all (or a majority) of whom are citizens of the State of Ohio, desiring to form a corporation for profit, under the general corporation laws of said State, do hereby certify:

First. The name of said corporation shall be:

Second. Said corporation is to be located at in County, Ohio, and its principal business there transacted.

Third. Said corporation is formed for the purpose of:

Fourth. The capital stock of said corporation shall be dollars, divided into shares of dollars each. (If preferred stock is to be issued, provision therefor should be inserted at this point.)

In Witness Whereof, we have hereunto set our hands this day of , A. D. 190 .

(Signatures.)

State of Ohio, }
County of } ss.

Personally appeared before me the undersigned, a in and for said county, this day of , A. D. 190 , the above named , and each severally acknowledged the signing of the foregoing articles of incorporation to be his free act and deed for the uses and purposes therein mentioned.

Witness, my hand and official seal on the day and year last aforesaid.

(SEAL.) (Signatures and title.)

State of Ohio, }
County of } ss.

I, , Clerk of the Court of Common Pleas within and for the county aforesaid, do hereby certify that , whose name is subscribed to the foregoing acknowledgment as a , was at the date thereof a in and for said county, duly commissioned and qualified, and authorized as such to take said acknowledgment; and further, that I am well acquainted with his handwriting, and believe that the signature to said acknowledgment is genuine.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Court at this day of , A. D. 190 .

(SEAL.)

OKLAHOMA.

ARTICLES OF INCORPORATION.

Be It Known, That the undersigned, citizens of the Territory of Oklahoma, do hereby voluntarily associate ourselves together for the purpose of forming a private corporation, under the laws of the Territory of Oklahoma, and do hereby certify:

First.

That the name of this corporation shall be

Second.

That the purpose for which this corporation is (are) formed is (are) to:

Third.

That the place(s) where its principal business is to be transacted is (are) at:

Fourth.

That the term for which this corporation is to exist is:

Fifth.

The number of directors or trustees of this corporation, and the names and residences of such of them who are to serve until the election of such officers and their qualification:

Names.	Post-Office Addresses.
_____	_____
_____	_____
_____	_____

Sixth.

That the estimated value of the goods, chattels, lands, rights, and credits owned by the corporation is dollars.

That the amount of the capital stock of this corporation shall be dollars, and shall be divided into shares of dollars each.

In Testimony Whereof, we have hereunto subscribed our names this day of , A. D. 190 .

Territory of Oklahoma, }
County } ss.

Personally appeared before me, a Notary Public in and for said County, Territory above named, , who are personally known to me to be the same persons who executed the foregoing instrument of writing, and duly acknowledged the execution of the same.

In Testimony Whereof, I have hereunto subscribed my name, and affixed my Notarial Seal this day of , 190 .

, *Notary Public.*

OREGON.

ARTICLES OF INCORPORATION.

We, and and , whose names are hereunto subscribed, do hereby associate ourselves together for the purpose of forming a corporation under and by virtue of the laws of the State of Oregon for the formation of a private corporation.

Article I. The name of this corporation shall be , and its duration shall be perpetual.

Article II. The enterprise, business, pursuit, or occupation in which this corporation proposes to engage is:

Article III. The principal office and place of business of this corporation shall be at:

Article IV. The capital stock of this corporation shall be dollars.

Article V. The capital stock of this corporation shall be divided into shares, of the par value of dollars each.

(If the corporation is formed for the purpose of navigation or making or constructing any railroads, roads, canal or bridge, the termini of the same or the site of such bridge must be set forth.)

In Witness Whereof, we, the undersigned, have hereunto set our hands and seals this day of , 19 .

In the presence of

_____ (SEAL.)
_____ (SEAL.)
(SEAL.)

State of Oregon, } ss.
County of }

Be It Remembered, that on this day of , 190 , before me, the undersigned, a Notary Public in and for said County and State, personally appeared , all to me personally known, and known to me to be the individuals named in, and who executed the foregoing articles of incorporation, and severally acknowledged to me that they executed the same.

In Witness Whereof, I have hereunto set my hand and notarial seal the day and year last above written.

, *Notary Public for Oregon.*

PENNSYLVANIA.

FORM FOR APPLICATION FOR CHARTER.

Notice is hereby given that an application will be made to the Governor of the State of Pennsylvania on the day of , 190 , by (here insert names of proposed incorporators) under an Act of Assembly of the Commonwealth of Pennsylvania, entitled "An Act to provide for the incorporation and regulation of certain corporations," approved April 29th, 1874, and the supplements thereto, for a charter of an intended corporation, to be called (here insert name of proposed company), the character and object of which are the (here insert generally the purposes of the proposed corporation), and for these purposes, to have, possess, and enjoy all the rights, benefits, and privileges of said Act of Assembly and its supplements.

, *Solicitor.*

PENNSYLVANIA.

To the Governor of the Commonwealth of Pennsylvania:

Sir, — In compliance with the requirements of an Act of the General Assembly of the Commonwealth of Pennsylvania, entitled "An Act to provide for the incorporation and regulation of certain corporations," approved the 29th day of April, A. D. 1874, and the several supplements thereto, the undersigned, of whom are citizens of Pennsylvania, having associated themselves together for the purpose hereinafter specified, and desiring that they may be incorporated, and that letters patent may issue to them and their successors according to law, do hereby certify:

1. The name of the proposed corporation is:
2. Said corporation is formed for the purpose of:
3. The business of said corporation is to be transacted in:
4. Said corporation is to exist for the term of years.
5. The names and residences of the subscribers and the number of shares subscribed by each are as follows:

Names.	Residence.	No. of Shares.

6. The number of directors of said corporation is fixed at , and the names and residences of the directors who are chosen directors for the first year are as follows:

Name.	Residence.

7. The amount of the capital stock of said corporation is dollars, divided into shares of the par value of dollars, and dollars, being ten per centum of the capital stock, has been paid in cash to the Treasurer of said corporation, whose name and residence is:

(Signatures of Incorporators.)

State of Pennsylvania, }
County of } ss.

Before me , in and for the county aforesaid, personally came the above named , who, in due form of law, acknowledged the foregoing instrument to be their act and deed for the purposes therein specified.

Witness my hand and seal of office, the day of , A. D. 190 .
(SEAL.)

State of Pennsylvania, }
County of } ss.

Personally appeared before me, this day of , A. D. 190 , who being duly sworn, according to law, depose and say that the statements contained in the foregoing instrument are true.

_____

_____

_____

Sworn and subscribed before me, the day and year aforesaid.

_____

_____

PHILIPPINES.

ARTICLES OF INCORPORATION

OF THE

(Here insert full name of the corporation.)

Know all Men by these Presents: That we, a majority of whom are residents of the Philippine Islands, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines.

AND WE HEREBY CERTIFY —

First. That the name of said corporation shall be the (Here insert full name of corporation.)

Second. That the purposes for which such corporation is formed are: (Here insert full purposes of corporation.)

Third. That the place where the principal office of the corporation is to be established or located is . (Here insert where principal office of the corporation is to be established or located.)

Fourth. That the term for which said corporation is to exist is fifty years from and after the date of incorporation.

Fifth. That the names and residences of the incorporators of said corporation are as follows:

Sixth. That the number of directors of said corporation shall be (here insert number of Directors, not less than five nor more than fifteen), and that the names and residences of the Directors of the corporation who are to serve until their successors are elected and qualified as provided by the by-laws, are as follows, to wit:

Name.	Whose residence is at

Seventh. That the capital stock of said corporation is pesos (here insert amount of capital stock), and said capital stock is divided into shares (here insert number of shares), of the par value each of pesos (here insert par value of each share).

Eighth. That the amount of said capital stock which has been actually subscribed is (here insert full amount of capital subscribed) pesos, and the following persons have subscribed for the number of shares and amount of capital stock set out after thir respective names:

Name.	Residence.	Number of Shares.	Amount of Capital Stock subscribed.
		Total . . .	

Ninth. That the following persons have paid on the shares of capital stock for which they have subscribed the amounts set out after their respective names:

Name.	Residence.	Amount paid on Subscription.
	Total . . .	

Tenth. That (here insert treasurer's name elected by subscribers) has been elected by the subscribers as treasurer of the corporation to act as such until

his successor is duly elected and qualified in accordance with the by-laws, and that as such treasurer he has been authorized to receive for the corporation and to receipt in its name for all subscriptions paid in by said subscribers.

Eleventh. (If the corporation be a railroad, tramway, wagon-road, telegraph or telephone corporation, here insert estimated length of railroad, tramway, wagon-road, telegraph or telephone line, provinces through which such line will pass, and all of its intermediate branches and connections.)

Twelfth. (If the corporation be a railroad or tramway corporation, here insert gauge of road, motive power to be used, means of applying such power, and materials to be used in construction.)

Thirteenth. (If the corporation be a wagon-road corporation, here insert width of the road, method of construction, and the construction material to be used.)

Fourteenth. (If the corporation be a telegraph or telephone corporation, here insert construction material, appliances, methods of construction, and system to be used.)

In Witness Whereof, We have hereunto set our hands and seals this day of , A. D. 190 .

Signed and sealed in presence of _____ (SEAL.)

_____

_____

City or Municipality of }
Province of } ss.
Philippine Islands. }

On this day of , in the year A. D. one thousand nine hundred and , before me, , a notary public in and for the , personally came (here insert names of incorporators) known to me to be the persons whose names are subscribed and who executed the within instrument, and each of them acknowledged to me that he freely and voluntarily executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

, *Notary Public.*

City or Municipality of }
Province of } ss.
Philippine Islands. }

(Here insert name of treasurer elected by subscribers), being duly sworn, deposes and says that on the day of , A. D. 190 , he was duly elected by the subscribers named in the foregoing articles of incorporation as treasurer of the corporation, to act as such until his successor has been duly elected and qualified in accordance with the by-laws of the corporation, and that as such treasurer he has been authorized by the subscribers to receive for the corporation all subscriptions paid in by subscribers for the capital stock; that pesos has been actually subscribed, and that pesos has been paid to him for the benefit and to the credit of the corporation, and that at least twenty per centum of the subscriptions have been actually paid to him for the benefit and to the credit of the corporation.

Subscribed and sworn to before me this day of , A. D. 190 .

_____

PORTO RICO.

ARTICLES OF INCORPORATION.

KNOW ALL MEN BY THESE PRESENTS: That we the undersigned (naming themselves) have this day associated ourselves together for the purpose of forming a corporation under Title II. of the Civil Code of Porto Rico. We hereby certify

1. That the name of the corporation shall be the .
2. That the principal place of business of the corporation shall be at number city , Porto Rico.
3. That the duration of the corporate existence shall be perpetual.

4. That the objects for which the corporation is formed are as follows:

5. That the amount of the capital stock of said corporation hereby authorized is dollars (not less than $2,000), divided into shares of the par value of each.

6. That said corporation will commence business with a capital stock of dollars (not less than $1,000).

7. The names and addresses of the incorporators, and the number of shares of stock which each agrees to take in the corporation, and the amount paid in thereon by each are as follows:

Names.	P. O. Address.	No. of Shares subscribed.	Amount paid in.

8. (Here insert any provisions for the regulation of the internal affairs of said corporation which may be desired.)

In Witness Whereof, We hereunto set our hands and seals this day of , 190 .

(SEAL.)
(SEAL.)
(SEAL.)

City or Municipality of)
Province of) ss.
Porto Rico.)

On this day of , in the year A. D. one thousand nine hundred and , before me, , a notary public in and for the , personally came (here insert names of incorporators) known to me to be the persons whose names are subscribed and who executed the within instrument, and each of them acknowledged to me that he freely and voluntarily executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year last above written.

, *Notary Public.*

RHODE ISLAND.

ARTICLES OF ASSOCIATION.

KNOW ALL MEN BY THESE PRESENTS: That we, all of lawful age, hereby agree to and with each other:

1. To associate ourselves together for the purpose of constituting a corporation under and by virtue of the powers conferred by Chapter 176 of the General Laws of the State of Rhode Island.

2. Said corporation shall be known by the name of:

3. Said corporation is constituted for the purpose of engaging in business of:

4. Said corporation shall be located in:

5. The capital stock of said corporation shall be common stock in the amount of dollars, to be divided into shares of the par value of dollars, and preferred stock in the amount of thousand dollars, to be divided into shares of the par value of dollars each. (The advantages of the preferred stock over the common, if any, must be set forth.)

In Testimony Whereof, we have hereunto set our hands and stated our residences this day of , A. D. 190 .

(Signatures and addresses.)

State of Rhode Island, County of , ss.

In the of in said County this day of , A. D. 190 , then personally appeared before me , each and all known to me and known by me to be the parties executing the foregoing instrument, and that they acknowledged the said instrument to be their free act and deed.

, *Notary Public.*

SOUTH CAROLINA.

DECLARATION AND PETITION FOR CHARTER.

State of South Carolina, }
County of } ss.

To the Secretary of State of South Carolina:

The undersigned petitioners (insert names and residences), by this their declaration would respectfully show:

1st. That their names and residences are as above given.

2nd. The name of the proposed corporation which they desire to form is: .

3rd. The place at which it proposes to have its principal place of business, or to be located, is: .

4th. The general nature of the business which it proposes to do is:

5th. The amount of the capital stock to be dollars payable:

6th. The number of shares into which the capital stock is to be divided is of the par value of dollars each.

7th. (Any other matters which may be advisable to set forth.)

Wherefore your petitioners pray that the Secretary of State do issue to them a commission authorizing them to open books of subscription to the capital stock of the proposed corporation, after days' public notice in the , a newspaper published in the county of .

And your petitioners will ever pray, etc.

Date. (Signatures.)

Return of Corporators. (South Carolina.)

State of South Carolina, }
County of } ss.

To the Secretary of State of South Carolina:

Whereas, did on file in the office of Secretary of State of South Carolina a written declaration, signed by themselves, setting forth:

1st. The names and residences of the petitioners to be, as above given,

2nd. The name of the proposed corporation to be with principal place of business at , and the nature of the business it proposes to do. .

3rd. The amount of the capital stock to be dollars and the number of shares into which the same is to be divided to be , of the par value of dollars each; and

Whereas, the above named petitioners were appointed by you a Board of Corporators, the undersigned, being a majority thereof, respectfully certify:

1st. That all the requirements of an Act entitled "An Act to provide for the formation of certain corporations and to define the powers thereof" approved the 9th day of March, A. D. 1896, and all amendments thereto, have been duly and fully complied with, fifty per cent of the aggregate amount of the capital stock having been subscribed by *bona fide* subscribers.

2nd. That, pursuant to notice published as required, a meeting was held on , at which a majority of all stock in value, being present, in person or by proxy, the following were elected Directors:

3rd. That subsequently there was elected as President, ; as Vice-President, ; as Secretary and Treasurer .

4th. That over twenty per cent of the aggregate capital stock has been paid to said Treasurer.

Wherefore, your petitioners pray that a charter be issued in the name and for the purposes indicated in their written declaration.

(Signatures.)

SOUTH DAKOTA.

ARTICLES OF INCORPORATION

OF

_____.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, _____, for ourselves, our associates and successors, have associated ourselves together for the purpose of forming a corporation under and by virtue of the statutes and laws of the State of South Dakota, and we do hereby certify and declare as follows, viz.

First.

The name of the corporation shall be

Second.

The purposes for which this corporation is formed

Third.

The place where the principal business of this corporation shall be transacted is in the City of _____, South Dakota; but it may have business offices without this State, one at the City of _____, State of _____, and another at the City of _____, in the _____ of _____; and any meetings of the Incorporators, Stockholders, or Directors of this Company may be held at either or any of said offices or places of business; and the books of this corporation may be kept at either or any of said offices or places of business; and any Incorporator or Stockholder of this Company entitled to be present and vote at any such meeting may be represented by proxy.

The Domiciliary Office of this corporation shall be at the office of The Company in said city of _____, South Dakota.

This Corporation hereby appoints as its Resident Agent in South Dakota, and upon whom legal process against this corporation may be served, _____ of the City of _____, South Dakota.

Fourth.

The term for which this corporation shall exist shall be twenty-five (25) years, with such right of renewal for other and similar periods as may now or hereafter be permitted under the laws of South Dakota.

Fifth.

The number of Directors of this corporation shall be _____, and each Director shall hold at least one share of stock. The names and residences of the Directors who are to serve until their successors are elected are as follows:

Names.	Residences.

An Executive Committee composed of two _____ Directors may be appointed by the Board of Directors of this corporation, in which event such Com-

mittee shall be provided for in its By-Laws; and said Executive Committee shall have the same power as the Board of Directors; but this provision shall not apply to the election of the Company's officers.

Sixth.

The amount of the Capital Stock of this corporation shall be and is Dollars ($), divided into shares of the par value of Dollars each; of which total number of shares shares shall be Common Stock, and shares shall be Preferred Stock.

When and in the event that Property is taken by this corporation in consideration for Capital Stock of the corporation, the judgment of the Board of Directors of the Company, made in good faith and entered in the minutes of the corporation, shall be conclusive as to the value of such property.

In Testimony Whereof, We have hereunto set our hands this day of , 190 .

(Signatures.)

State of }
County of } ss.

Be It Remembered, That on this day of , A. D. 190 , before the undersigned, personally appeared the above named well and personally known to me to be the same persons described in, and who executed the foregoing instrument, and severally duly acknowledged to me that they executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal at said county, the day and year last above written.

, *Notary Public.*

State of }
County of } ss.

and , being duly sworn, each for himself deposes and says: That he is one of the persons described in, and who signed the foregoing Articles of Incorporation as an incorporator therein; that he has read the said articles and knows the contents thereof; that the incorporators intended in good faith to form a corporation for the purpose of a lawful business as set forth in said articles, and not for the purpose of enabling any corporations to avoid the provisions of sections 770 to 781 inclusive of the Revised Penal Code of 1903 of the State of South Dakota relating to unlawful trusts and combinations, and laws amendatory thereto.

Subscribed and sworn to before me this day of , A. D. 190 .

, *Notary Public.*

STATE OF TENNESSEE (ORDINARY FORM PRESCRIBED BY STATUTE).

CHARTER OF INCORPORATION.

Be It Known, That by virtue of the general laws of the land (here insert names of incorporators) are hereby constituted a body politic and corporate, by the name and style of for the purpose of

The capital stock of said corporation shall be dollars.

The general powers of said corporation are: To sue and be sued by the corporate name; to have and use a common seal, which it may alter at pleasure; if no common seal, then the signature of the name of the corporation by any duly authorized officer shall be legal and binding; to purchase and hold or receive by gift,

in addition to the personal property owned by said corporation, any real estate necessary for the transaction of the corporate business, and also to purchase or accept any real estate in payment or part payment of any debt due to the corporation, and sell realty for corporation purposes; to establish by-laws and make all rules and regulations, not inconsistent with the laws and Constitution, deemed expedient for the management of corporate affairs, and to appoint such subordinate officers and agents in addition to a President, Secretary, or Treasurer, as the business of the corporation may require, designate the name of the office, and fix the compensation of the officer.

The following provisions and restrictions are coupled with said grant of powers: A failure to elect officers at the proper time does not dissolve the corporation, but those in office hold until the election or appointment and qualification of their successors. The term of all officers may be fixed by the by-laws of the corporation; the same not, however, to exceed two years. The corporation may, by by-laws, make regulations concerning the subscriptions for, or transfer of stock; fix upon the amount of capital to be invested in the enterprise; the division of the same into shares; the time required for payment thereof by the subscribers for stock; the amount to be called for at any one time, and in case of failure of any stockholder to pay the amount thus subscribed by him at the time and in the amounts thus called, a right of action shall exist in the corporation to sue said defaulting stockholder for the same. The Board of Directors — which may consist of five or more members, at the option of the corporation, to be elected either in person or by proxy, by a majority of the votes cast, each share representing one vote — shall keep a full and true record of all their proceedings, and an annual statement of receipts and disbursements shall be copied on the minutes, subject at all times to the inspection of any stockholder. The books of the corporation shall show the original or subsequent stockholders, their respective interests, the amount which has been paid on the shares subscribed, the transfer of stock, by and to whom made; also other transactions in which it is presumed a stockholder or creditor may have an interest.

The amount of any unpaid stock due from a subscriber to the corporation shall be a fund for the payment of any debts due from the corporation, nor shall the transfer of stock by any subscriber relieve him from payment unless his transferee has paid up all or any of the balance due on said original subscription.

By no implication or construction shall the corporation be deemed to possess any powers except those hereby expressly given or necessarily implied from the nature of the business for which the charter is granted, and by no inference whatever shall said corporation possess the power to discount notes or bills, deal in gold or silver coin, issue any evidence of debts as currency, or engage in any business outside the purpose of the charter.

The right is reserved to repeal, annul, or modify this charter. If it is repealed, or if the amendments proposed, being not merely auxiliary but fundamental, are rejected by a vote representing more than half of the stock, the corporation shall continue to exist for the purpose of winding up its affairs, but not to enter upon any new business. If the amendments or modifications being fundamental are accepted by the corporation as aforesaid, in a general meeting to be called for that purpose, any minor, married woman, or other person under disability, or any stockholder not agreeing to the acceptance of the modification, shall cease to be a stockholder, and the corporation shall be liable to pay said withdrawing stockholders the par value of their stock, if it is worth so much; if not, then so much as may be its real value in the market on the day of the withdrawal of said stockholders as aforesaid; *Provided*, That the claims of all creditors are to be paid in preference to said withdrawing stockholders.

A majority of the Board of Directors shall constitute a quorum and shall fill all vacancies until the next election. The first Board of Directors shall consist of the five or more corporators who shall apply for and obtain the charter.

The said corporation may have the right to borrow money and issue notes or bonds upon the faith of the corporate property, and also to execute a mortgage or mortgages as further security for repayment of money thus borrowed.

Said corporation shall have the power to raise, buy, sell, and deal in agricultural products, operate flouring and other mills, and deal in merchandise.

Annually, during the month of January, the President shall make and publish in a newspaper printed in the county where the principal office of business is located, or if no newspaper is printed in that county, then in an adjoining, or the nearest county where a newspaper is printed, a sworn statement, showing the amount of the capital stock and existing liabilities, and a list of the names of the stockholders.

Nothing but cash shall be taken in payment of any part of the capital stock, or land at a fair cash valuation, or patents to the amount of their value, as agreed on by the subscriber and the corporation, and no loan of money shall at any time be made to any stockholder thereof, and any such loan shall render the Directors consenting thereto individually liable for the amount thereof; this liability to extend in favor of innocent stockholders as well as creditors.

The making of a false statement, to be printed as aforesaid, shall render all persons assenting thereto individually liable to all persons dealing or trading with said Company upon the faith of said fraudulent statement.

If the indebtedness of said Company shall at any time exceed the capital stock paid in, the Directors assenting thereto shall be individually liable to the creditors for said excess. The stockholders are jointly and severally liable individually at all times, for all moneys due and owing to the laborers, servants, clerks, and operatives of the Company in case the corporation becomes insolvent.

If the Directors declare and pay any dividend when the Company is insolvent, on which declaration of a dividend would diminish the amount of the capital stock, they shall be jointly and severally liable to creditors for the amount of dividends thus declared. Any Director may avoid liability by voting against the dividend, or by filing his objections in writing as soon as he ascertains a dividend has been made.

We, the undersigned, apply to the State of Tennessee, by virtue of the laws of the land, for a Charter of Incorporation for the purposes and with the powers, etc., declared in the foregoing instrument.

Witness our hands, this day of , 190 .

TEXAS.

FORM OF CHARTER.

State of Texas }
County of } ss.

Know all Men by these Presents, That we, , and , all citizens of , County, Texas, under and by virtue of the laws of this state, do hereby form and incorporate ourselves into a voluntary association under the terms and conditions hereinafter set out, as follows:

1. The name of the corporation is
2. The purpose for which it is formed (here quote statutory purpose).
3. The place where the business of the corporation is to be transacted is at , County, Texas.
4. The term for which it is to exist is years.
5. The number of directors, their names and postoffice addresses are as follows:

_____ _____

_____ _____

_____ _____

6. The amount of the capital stock is $ divided into shares of $ each, at least fifty per cent of which capital stock has been subscribed and ten per cent paid in.

In Testimony Whereof, we hereto sign our names this the day of , A. D. 190 .

State of Texas }
County of } ss.

Before me, the undersigned authority on this day personally appeared and known to me to be the persons whose names are sub-

scribed to the foregoing instrument, and severally acknowledged to me that he executed the same for the purposes and consideration herein expressed.

In Testimony Whereof, I hereto subscribe my name and affix the seal of my office, this the day of , A. D. 190 .

State of Texas, }
County of }

I, , of County, Texas, upon oath do hereby state that fifty per cent of the authorized capital stock of said , amounting to dollars, has been subscribed, and ten per cent of such authorized capital stock, amounting to dollars, has been paid in.

Sworn to and subscribed before me by , this the day of , A. D. 19 .

, *Notary Public*,
County, Texas.

UTAH.

ARTICLES OF INCORPORATION.

OF

THIS AGREEMENT made and entered into by and between , all of , State of Utah, *Witnesseth:*

That the parties are desirous of forming a corporation under the laws of the State of Utah for the purposes and on the terms hereinafter stated:

Article One.

Said corporation shall be called and known by the name of , and is organized at .

Article Two.

Said corporation shall exist and continue for a term of fifty years unless sooner dissolved or disincorporated according to law.

Article Three.

The object, business, and pursuit of said corporation shall be to:

Article Four.

The place of the general office and business of said corporation shall be at , State of Utah.

Article Five.

The amount of the capital stock of said corporation shall be shares of the face or par value of dollars each.

Article Six.

The amount of the capital stock subscribed by each of the incorporators above named, parties to this agreement, is as follows, that is to say:

Article Seven.

The officers of said corporation shall be:

Article Eight.

To be eligible to an office in this corporation the person must be the owner, as shown by the books of the corporation, of at least one share of the capital stock thereof, and the President and Treasurer must be directors of said corporation; the Secretary may or may not be a director of said corporation, and if a director may be joined with the office of Treasurer.

Article Nine.

The following named persons, parties hereto, shall be directors of said corporation until the next annual meeting of the stockholders thereof, as hereinafter provided, namely: . And the said shall be President, said shall be Secretary and Treasurer, and until their successors shall be duly elected and qualified. Any vacancy caused by the resignation, death, or removal of either or any of the said directors or officers, may be filled by the Board of Directors.

Article Ten.

The term of office of the officers of said corporation after the first annual meeting, shall be , and until their successors shall be duly elected and shall have duly qualified.

Article Eleven.

The annual stockholders' meeting of said corporation for the election of officers and for the transaction of any such other business as shall lawfully come before it, shall be held on the in each year, at , Utah, and representation of a majority of the capital stock of said corporation shall be necessary to legally hold said meeting, and all stockholders' meetings of said corporation shall be either general or special. The officers of said corporation, at such meetings, shall be elected and declared to be elected to said offices respectively. Each stockholder shall be entitled to as many votes as he holds of said capital stock. Stock representation, by proxy, duly appointed, shall be allowed at all meetings of said corporation, either general or special. No public notice shall be required of the holding of the annual stockholders' meetings. Special meetings of the stockholders may be called by the President or by any directors, and notice thereof shall be sufficient if personally served on each stockholder, or by letter postpaid, addressed to him at his place of residence.

Article Twelve.

———— members of the Board of Directors shall constitute a quorum to transact business of the corporation.

Article Thirteen.

The private property of the stockholders of the corporation shall not be liable for the debts of the corporation.

Article Fourteen.

Any director or officer of said corporation may be removed at a stockholders' meeting, general or special, by vote of two-thirds of the capital stock of this corporation, and any officer or director may resign by filing a written resignation with the Secretary of the corporation.

Article Fifteen.

The capital stock of said corporation subscribed by is fully paid by the conveyance to said corporation by of the . (For all corporations but mining and irrigation companies there must be inserted here a full description of the property conveyed having a fair cash value equal to the par value of the stock for which it is transferred.)

Article Sixteen.

It shall be the duty of the Board of Directors to elect a manager who shall have the general supervision and management of the business of said corporation.

In Witness Whereof, said parties have hereunto set their hands and seals the day and year first above written.

State of Utah, } ss.
County of }

, being each severally duly sworn, on oath do depose and say that they have commenced to carry on, and it is their *bona fide* intention to carry on, the business mentioned in the foregoing agreement and Articles of Incorporation, and affiants verily believe that each party to said agreement has paid and is able to and will pay the amount of stock subscribed for by him, and that ten per cent of the capital stock and ten per cent of the stock subscribed by each stockholder has been paid in.

_____

_____

_____

Subscribed in my presence and sworn to before me this day of , 190 .

(In the case of all but mining and irrigation companies the following affidavit must be made.)

State of Utah, } ss.
County of }

, , and , being each severally sworn, on oath deposes and says that he has examined and appraised the conveyed by to the corporation by these articles formed, in full payment of their capital stock, and they do each hereby on their oath say that the said property so conveyed to said corporation is reasonably worth the sum of dollars, and that said sum of dollars is a fair cash market value of said property.

Subscribed in my presence and sworn to before me this day of , 190 .

VERMONT.

ARTICLES OF ASSOCIATION

OF THE

_____.

We, the subscribers, hereby associate ourselves together as a corporation under the laws of the State of Vermont, to be known by the name of , for the purpose of at , in the County of , in the State of Vermont, with a capital stock of dollars, divided into shares of dollars each.

Dated at , in the County of , this day of , A. D. 190 .

Subscribers.	Post-Office Address.
_____	_____
_____	_____
_____	_____

VIRGINIA.

CERTIFICATE OF INCORPORATION

OF

_____ (Corporation or Incorporated).

This is to certify that we do hereby associate ourselves to establish a corporation under and by virtue of the provisions of an Act of the General Assembly of the State of Virginia, entitled "An Act Concerning Corporations," which became a law on the 21st day of May, 1903, for the purposes and under the corporate name hereinafter mentioned, and to that end we do, by this our certificate, set forth as follows:

First. The name of the corporation is to be Company (or Incorporated).

Second. The name of the county (city, or town) wherein the principal office in this State is to be located is:

Third. The purposes for which it is formed are as follows:

Fourth. The maximum amount of the capital stock of the corporation is to be dollars; the minimum amount of the capital stock of the corporation is to be dollars, and the capital stock of the corporation is to be divided into shares of dollars each.

(If preferred stock is to be issued, a statement of the amount, together with the terms on which it is created, must be here set forth.)

Fifth. The period for the duration of the corporation is unlimited.

Sixth. The names and residences of the officers and directors who, unless sooner changed by the stockholders, are for the first year to manage the affairs of the corporation are as follows:

Officers.	Offices.	Residences.

Directors.	Residences.

Seventh. The amount of real estate to which its holdings at any time are to be limited is acres.

Eighth. The following provisions for the regulation of the business and the conduct of the affairs of the corporation are hereby established.

Given under our hands this day of , 190 .

(Signatures.)

State of Virginia,
County of , to wit:

I, , a Notary Public, for the county aforesaid in the State of Virginia, do certify that , and , whose names are signed to the writing above, bearing date on the day of , 190 , have acknowledged the same before me in my county aforesaid. My term of office expires on the day of , 190 .

Given under my hand this day of , 190 .

, *Notary Public.*

VIRGINIA.

In the Circuit Court of County.

The foregoing certificate of incorporation of the Company, incorporated, was presented to me , Judge of the Court of in term time (or in vacation), and having been examined by me, I there-

upon certify hereon that the said certificate of incorporation is, in my opinion, signed and acknowledged in accordance with the requirements of the Act of the General Assembly of Virginia, entitled "An Act Concerning Corporations," which became a law on the 21st day of May, 1903, for such cases made and provided.

Given under my hand this day of , 190 .

, *Judge.*

WASHINGTON.

ARTICLES OF INCORPORATION

OF THE

We, the undersigned persons, one of whom is a resident of the State of Washington and a majority of whom are citizens of the United States, hereby associate ourselves for the purpose of forming a corporation, and for that purpose execute these Articles of Incorporation in triplicate.

Article First. The name of this corporation shall be:

Article Second. The objects for which this corporation is formed are: To have offices, conduct its business, and promote its objects both within and without the State of Washington, and in all parts and places elsewhere, wherever may be desired, without any restriction whatsoever as to place, upon compliance with the laws of such place.

Article Third. The capital stock of this corporation shall be dollars, divided into shares of the par value of dollars a share. (If preferred stock is issued, add:) Of such capital stock shares, amounting to dollars, shall be preferred stock, and shares, amounting to dollars, shall be common stock. The preferred stock shall be entitled out of any and all surplus net profits, whenever declared by the trustees, to non-cumulative dividends at the rate of, but not to exceed per cent (not to exceed twelve per cent) per annum for the fiscal year beginning on the day of 19 , and to priority of payment of any dividend on the common stock for such fiscal year. The common stock shall be subject to the prior rights of the holders of the preferred stock as herein above set forth. If, after providing for the payment in full of the dividends for any fiscal year on the preferred stock, there shall remain any surplus net profits of such year, and of any other fiscal year for which full dividends shall have been paid on the preferred stock, then and from time to time the same shall be declared by the trustees: and out of such surplus net profits, after the close of any said fiscal year, the trustees may declare a dividend upon the common stock of this corporation for such fiscal year. No dividend, however, shall be paid upon any common stock until after the dividends upon the preferred stock have been set aside to the owners of the said preferred stock.

In case of the liquidation or dissolution of this corporation, the holders of preferred stock shall receive the par value of their preferred shares out of the surplus funds of the corporation before anything shall be paid therefrom to the holders of the common stock. (If non-assessable stock is desired, as:) The capital stock of this corporation (is issued fully paid up and) shall be and is hereby made absolutely and forever non-assessable by this corporation for any purpose.

Article Fourth. The time of existence of this corporation shall be fifty years.

Article Fifth. The number of trustees of this corporation shall not be less than two nor more than , and the names of the first trustees who shall manage the affairs of this Company until the day of , 19 (not less than two nor more than six months) are (two or more).

Article Sixth. The Board of Trustees shall have power to make the By-Laws of this corporation.

Article Seventh. The stockholders and trustees shall have power to hold their meetings and to keep the books, documents, and papers of this corporation without the State of Washington, at such place or places as the Board of Trustees may determine, except such books and meetings as are required by the law of the State of Washington to be kept and to be held within the State. (Note: The annual election of trustees must be held within the State. Their election may be held by instructed proxies sent to the resident trustee. The law further requires that the trustees cause a book to be kept at the principal place of business, which book shall contain the "names of all persons, alphabetically arranged, who are or shall be stockholders of the corporation, and showing the number of shares of stock held by them respectively, and the time when they became the owners of such shares.")

Article Eighth. The principal place of business of this corporation shall be in the City of , County, State of Washington, with such branch office or offices, either within or without the State of Washington, as the trustees may desire, at any of which branch offices, as may be selected by the trustees, all stockholders' and trustees' meetings not required to be held in the State of Washington may be held: Provided, That this corporation shall at all times keep at its principal place of business within this State a resident trustee.

In Witness Whereof, we have this day of , A. D. , hereunto set our hands and seals in triplicate.

(SEAL.)
(SEAL.)

Witness:

State of }
County of }

I, , a Notary Public in and for the State of , duly commissioned, sworn, and qualified, do hereby certify that on this day of , 19 , before me personally appeared , to me known to be the individuals described in, and who executed the within instrument, and acknowledged that they signed and sealed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

Given under my hand and official seal this day of , A. D. 19 .
, *Notary Public.*

TRUSTEE'S OATH OF OFFICE.

State of }
County of }

each being duly sworn, on oath deposes and says:

That on the day of , 19 , I was duly and regularly elected a trustee of , a corporation with its principal place of business in the City of , in the County of , and State of Washington, to serve as such trustee until the day of , 19 . That I will faithfully and conscientiously perform all duties of my said office as such trustee.

Subscribed and sworn to before me this day of , 19 .
, *Notary Public.*

WEST VIRGINIA.

CERTIFICATE OF INCORPORATION.

I. We, the undersigned, agree to become a corporation by the name of

II. The principal place of business of said corporation shall be located at No

, Street, in the City (2) town, village of , in the county of and State of . Its chief works will be located in (3)

(Insert number and name of street if in a city having street numbers; if not, strike out. 2. Erase the word city, town, or village as the case may be. 3. Give location of chief works of, at same place as principal place of business; say, "The Chief Works will be located at the same place." If the chief works are not in West Virginia, it is only necessary to state the name of the State or Territory in which they are located; if the chief works and principal place of business are both in West Virginia, then it is necessary to state the magisterial District and County in which the chief works are located, thus, "in the District of , in the County of , in the State of West Virginia," or, if the nature of the case may require it, say "in the district of and County of, and elsewhere in the State of West Virginia." If there be no chief works, say, "Said Corporation will have no chief works.")

III. The objects and purposes for which this corporation is formed are as follows:

IV. The amount of the total authorized capital stock of said corporation shall be dollars, which shall be divided into shares of the par value of dollars each; of which authorized capital stock the amount of dollars has been subscribed, and the amount of dollars has been paid.

V. The names and post-office addresses of all the incorporators, and the number of shares of stock subscribed for by each are as follows:

Names. (7)	Post-Office Addresses. (8)	No. of Shares Common Stock.	No. of Shares Preferred Stock.	Total No. of Shares. (9)

VI. This corporation is to expire (1)

VII. (Here insert any special provisions desired; and also number of acres of land desired to hold in West Virginia, if such number be above ten thousand acres.)

Given under our hands this day of , 190 .

(All the incorporators must sign here.)

State of }
County of } ss.

I, , a Notary Public in and for the County and State aforesaid, hereby certify that , whose names are subscribed to the foregoing agreement bearing date the day of , 190 , this day personally appeared before me in my said county, and severally acknowledged their signatures to the same.

And I further certify that and , two of the incorporators named in said agreement, made oath before me that the amount therein stated to have been paid on the capital has been in good faith paid in, for the purpose and business of the intended corporation, without any intention or understanding that the same shall be withdrawn therefrom before the expiration or dissolution of this Corporation.

Given under my hand and official seal this day of , 190 .

, *Notary Public.*

(The following affidavit must be made by at least two of the incorporators named in the agreement wherein it is stated that the "principal place of business" is located in West Virginia, and for which it is proposed to pay the rate of annual license tax prescribed for resident corporations.)

State of }
County of } ss.

I, , a Notary Public in and for the County and State aforesaid, do hereby certify that and , two of the persons who have executed the foregoing agreement, bearing date of the day of

, 190 , this day personally appeared before me in my said county, and made oath that the statement in said agreement, to wit, "that the principal place of business of said corporation shall be located at in the County of and State of West Virginia" is true, and that said principal place of business and chief works have been located as therein stated in good faith, and not for the purpose of evading any law of the State of West Virginia, and especially not for the purpose of avoiding the payment of the difference between the amount of the annual license tax on the charters of corporations having their principal place of business within the State of West Virginia, and those corporations having their principal place of business or chief works without said State; and that said corporation named in said agreement proposes in good faith to carry on its business and to have its principal place of business and its chief works (if it have such) within the State of West Virginia.

Given under my hand and official seal this day of , 190 .

, *Notary Public.*

(SEAL.)

WISCONSIN.

KNOW ALL MEN BY THESE PRESENTS: That the undersigned, adult residents of the State of Wisconsin, do hereby make, sign, and agree to the following

ARTICLES OF ORGANIZATION.

Article I. The undersigned have associated, and do hereby associate themselves together for the purpose of forming a corporation under Chapter 86 of the Wisconsin Statutes of 1898, and the acts amendatory thereof and supplementary thereto, the business and purposes of which corporation shall be , which said business is to be carried on within the State of , and especially within the County of in said State.

Article II. The name of said corporation shall be , and its location shall be in the , Wisconsin.

Article III. The capital stock of said corporation shall be , and the same shall consist of shares, each of which said shares shall be of the face or par value of dollars.

Article IV. The general officers of said corporation shall be a President, Vice-President, Secretary, and Treasurer, and the Board of Directors shall consist of stockholders. (Provision may be here made for dividing the directors into three classes if desired.)

Article V. The principal duties of the President shall be to preside at all meetings of the Board of Directors, and to have a general supervision of the affairs of the corporation.

The principal duties of the Vice-President shall be to discharge the duties of the President in the event of the absence or disability, for any cause whatever, of the latter.

The principal duties of the Secretary shall be to countersign all deeds, leases, and conveyances executed by the corporation, affix the seal of the corporation thereto, and to such other papers as shall be required or directed to be sealed, and to keep a record of the proceedings of the Board of Directors, and to safely and systematically keep all books, papers, records, and documents belonging to the corporation, or in any wise pertaining to the business thereof.

The principal duties of the Treasurer shall be to keep and account for all moneys, credits, and property, of any and every nature, of the corporation, which shall come in his hands, and keep an accurate account of all moneys received and disbursed, and proper vouchers for moneys disbursed, and to render such accounts, statements, and inventories of moneys received and disbursed, and of money and property on hand, and generally of all matters pertaining to this office, as shall be required by the Board of Directors.

The Board of Directors may provide for the appointment of such additional officers as they may deem for the best interests of the corporation.

Whenever the Board of Directors may so order, the offices of Secretary and Treasurer may be held by the same person.

The said officers shall perform such additional or different duties as shall from time to time be imposed or required by the Board of Directors, or as may be prescribed from time to time by the By-Laws.

Article VI. Only persons holding stock according to the regulations of the corporation shall be members of it.

Article VII. These articles may be amended by resolution setting forth such amendment or amendments, adopted at any meeting of the stockholders by a vote of at least two-thirds of all the stock of said corporation then outstanding.

Article VIII. The existence of this corporation shall be years (or perpetual).

Article IX. (Any other provisions for the regulation of the internal affairs of the corporation not inconsistent with law may be inserted.)

In Witness Whereof, we have hereunto set our hands, this day of , A. D. 190 .

Signed in presence of

State of Wisconsin, } ss.
County of }

Personally came before me this day of , A. D. 190 , the above named , to me known to be the persons who executed the foregoing instrument, and acknowledged the same.

, *Notary Public,* Wisconsin.

State of Wisconsin, } ss.
County of }

and , being each duly sworn, doth each for himself depose and say that he is one of the original signers of the above declaration and articles; that the above and foregoing is a true, correct, and complete copy of such original declaration and articles, and of the whole thereof. Subscribed and sworn to before me, this day of , A. D. 190 .

Notary Public.

WYOMING.

CERTIFICATE OF INCORPORATION

OF THE

———— COMPANY.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, citizens of the United States, over the age of twenty-one years, desiring to aid in the industrial (or productive) interests of the country, do by these presents voluntarily associate ourselves together for the purpose of forming a corporation, under the laws of the State of Wyoming.

And we hereby certify:

First. That the corporate name of our said corporation is and shall be the Company.

Second. That the object for which our said corporation or Company is formed is (here state object, confining same to one general line or department).

Third. The capital stock of our said Company shall be dollars, to be divided into shares of the par value of dollars each and non-

assessable. (If preferred stock is to be issued, provision therefor must be inserted at this point.)

Fourth. The term of existence of our said Company shall be (not exceeding fifty years), from and after the date of this certificate.

Fifth. The affairs and management of our said Company shall be under the control of trustees (not less than three, nor more than nine), and are hereby selected and appointed to act as such trustees, and to manage the affairs and concerns of our said Company for the first year of its existence, and until their successors are elected and qualified according to law and the by-laws of our said Company.

Sixth. The name of the town in which the operations of our said Company shall be carried on is the City of , County of , and State of (if the Company is formed for the purpose of carrying on any part of its business in any place outside of the State, add: "and the said business is also formed for the purpose of carrying on part of its business outside of the State of Wyoming, to wit, in the City of , County of , and State of , and elsewhere in the United States as the trustees of our said Company may by resolution or otherwise direct"), but the name of the town and county in which the principal part of the business within the State of Wyoming is to be transacted is the City of , in the said County of , at which place its principal office and place of business shall be located.

Seventh. All suits against our said Company shall be commenced in the said County of .

In Witness Whereof, we have executed this certificate in duplicate this day of , A. D. 19 .

If the adoption of by-laws is to be delegated to the trustees, the following clause should be inserted: The trustees of our said Company shall have the exclusive power to make such prudential by-laws as they may deem proper for the management and disposition of the stock and business affairs of our said Company, not inconsistent with the laws of the State, prescribing the duties of officers, artificers, and servants that may be employed, for the appointment of all officers, and for carrying on all kinds of business within the objects and purposes of our said Company.

(L. S.)
(L. S.)
(L. S.)

Witnesses:

State of Wyoming, }
County of } ss.

I, , a Notary Public in and for the said County and State, do hereby certify that , who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person, and each separately acknowledged that he signed, sealed, and delivered the said instrument as his free and voluntary act, for the uses and purposes therein set forth.

My commission expires

Given under my hand and notarial seal this day of , A. D. 190 .

, *Notary Public.*

FOREIGN CORPORATIONS.

FORMS FOR SECURING PERMITS TO TRANSACT BUSINESS AS A FOREIGN CORPORATION IN THE SEVERAL STATES AND TERRITORIES.

(A) GENERAL FORMS.

FORM 1.—FORM FOR CERTIFIED COPY OF INCORPORATION ACT.

UNITED STATES OF AMERICA.

State of
Office of the Secretary of State.

I, , Secretary of State of the State of , do hereby certify that the foregoing printed pamphlet, pages to inclusive, contains the existing laws of the State of relative to incorporation and powers of industrial corporations in force in the State of on the day of 190 , and now in force and effect in said State of

In Witness Whereof, I have hereunto set my hand and caused the great seal of the State of to be affixed at , the capital, this day of , 190 .

(GREAT SEAL.)

FORM 2.—FORM FOR CERTIFIED COPY OF CERTIFICATES OF INCORPORATION.

State of .
Office of Secretary of State.

I, , Secretary of State of the State of , do hereby certify that the above and foregoing is a true and correct copy of the certificate of incorporation of the Company, as received and filed in this office the day of , 190 .

In Testimony Whereof, I have hereunto set my hand and official seal at this day of , 190 .

, *Secretary of State.*

(SEAL OF STATE.)

FORM 3.—AFFIDAVIT TO BE ATTACHED TO SWORN COPY OF CHARTER.

State of }
County of } ss.

, being duly sworn, deposes and says that he is the Secretary of the Company, a corporation organized under the laws of the State of ; that the foregoing is a true copy of the certificate of incorporation of said corporation and of the whole thereof.

Sworn to before me this day of , 190 .

FORM 4.—RESOLUTION APPOINTING AGENT.

Resolved, that the President of the Company be and he hereby is authorized and directed to execute in the name of and on behalf of said corporation the statement required to be filed by foreign corporations under the provisions of the statutes of the State of in such case made and provided, and attach the seal of the corporation thereto, and in such statement to designate a resident of the State of , residing and having his office at No. Street, in the City of , State of , as the person upon whom process against the corporation may be served within the State of ; and further to do all acts and things necessary to comply with the statutes of said State in such case made and provided.

FORM 5.—CONSENT OF AGENT OF THE _____ COMPANY.

I hereby accept the appointment as the representative of the Company in the State of upon whom process may be served upon said Company in the State of , and agree to the designation of my office, No. Street in the City of , State of , as your principal office in the State of .

State of }
County of } ss.

Personally appeared before me, , the undersigned, a Notary Public in and for said county and State, this day of , 190 , the above named , who acknowledged the signing of the foregoing to be his free act and deed for the uses and purposes therein mentioned.

Witness my hand and seal the day and year last aforesaid.

FORM 6.—DESIGNATION OF PRINCIPAL PLACE OF BUSINESS.

KNOW ALL MEN BY THESE PRESENTS: That we, , President, and , Secretary, of the Company, a corporation duly organized and existing under the laws of the State of , do hereby certify that the principal place where the business of said Company is to be carried on in the State of is at No. Street in the city of , County of and State of .

Given under our hands and seal of said Corporation at its office in the city of and State of on this day of .

, *President.*
, *Secretary.*

State of }
County of } ss.

I hereby certify that , President, and , Secretary, of the Company, who are personally known to me to be the persons who subscribed the above and foregoing instrument in writing, and acknowledged that they signed, sealed, and delivered the same as their free act and voluntary deed for the uses and purposes therein set forth.

Given under my hand and notarial seal this day of 190 .

FORM 7.—CERTIFICATE TO BE ATTACHED TO CERTIFIED COPY OF BY-LAWS.

I, , Secretary of the Company, hereby certify that the copy of the by-laws above set forth is a full and true copy of the by-laws of said Company as adopted by the stockholders of said Company at a meeting thereof duly held on the day of , 190 , and that the

same has been taken from and compared by me with the original by-laws as recorded in the minute book of the said Company.

Witness my hand and the seal of the Company this day of , 190 .

, *Secretary.*

FORM 8.—RESOLUTION RELATIVE TO SECURING PERMIT TO TRANSACT BUSINESS IN A FOREIGN STATE.

At a special meeting of the Board of Directors of the Company, held at on the day of , 190 , the following resolution was adopted:

Be it Resolved, that a certified copy of the certificate of incorporation of the above named Corporation be filed with the Secretary of State of the State of , with the request that a certificate be forthwith issued permitting said Company to transact business within the State of and be it further

Resolved, that the proper officers of this Corporation be and they hereby are authorized and instructed to do any and all things necessary to carry out the provisions of this resolution and to secure the necessary permit for said Company to transact business as a foreign corporation within the State of

FORM 9.—POWER OF ATTORNEY APPOINTING A RESIDENT AGENT.

KNOW ALL MEN BY THESE PRESENTS: That the Company, a corporation duly organized under and by virtue of the laws of the State of , has made, constituted, and appointed, and does hereby make, constitute, and appoint , a citizen of the United States and a citizen and resident of the State of , residing at No. Street in the City of in said State of , whose place of business is No. Street in said city, its true and lawful attorney in fact and authorized agent for it and in its name, place, and stead to make and accept service of all process and summons in any action, suit, or proceeding in any of the courts of the State of , or in the United States courts therein, and upon whom process and summons may be served with the same effect as though the Company existed in the State of , requisite and necessary to give competent and complete jurisdiction of the said Company to any of the said courts;

Giving and Granting unto the said full power and authority to do and perform every act and thing necessary and requisite to be done in and about the premises as fully to all intents and purposes as said Company might or could do if personally present, hereby revoking and confirming all that the said shall lawfully do or cause to be done by this power granted to him.

This power is irrevocable except by substitution of another qualified person for the one hereby appointed attorney in fact.

In Witness Whereof, said Corporation, in pursuance of resolution duly adopted by its Board of Directors, has caused this instrument to be executed in its name by its President and Secretary and its corporate seal to be hereunto affixed at the city of , State of , this day of , 190 .

Company.

By , *President.*

Attest: , *Secretary.*

State of }
County of } ss.

This certifies that on the day of , before the undersigned, a Notary Public in and for said county and State, personally appeared the

above named , the President, and , the Secretary, of the Company, the Corporation mentioned in and which executed the foregoing power of attorney, and acknowledged that they executed the same by the authority and on behalf of said Company, pursuant to a resolution of the Board of Directors of said Corporation duly adopted on the day of , 190 , and , the Secretary of said Company, further acknowledged that the corporate seal hereuntobefore attached and impressed herein is the corporate seal of said corporation and was affixed thereto by him.

In Testimony Whereof, I have hereunto set my hand and notarial seal this day of , 190 .

FORM 10.—GENERAL FORM FOR APPLICATION BY FOREIGN CORPORATION TO TRANSACT BUSINESS IN A FOREIGN STATE.

To the Secretary of State of the State of

State of } ss.
County of }

, President, and , Secretary, each of lawful age, being duly sworn, upon their oaths state that they make this affidavit for the purpose of complying with (here insert reference to the statute governing the admission of foreign corporations to transact business in the foreign State).

That they are respectively President and Secretary of , a Corporation duly incorporated under the laws of the State of on the day of , 190 , for a term of years.

That the business said Corporation proposes to pursue under its charter in the State of is as follows:

That the amount of capital stock of said Corporation is dollars, and the proportion of the capital stock of said Corporation which is represented by the property located and business transacted in the State of is (express in fraction, one-half, etc., as the case may be) thereof, and the amount of the said capital stock so represented in the State of is dollars.

(That said Corporation is transacting, or intends to transact, business in the following counties in said State of : .)

That the amount paid in upon its capital stock is as follows:

That the property and assets and the estimated value thereof that will be employed in the business of said Corporation in the State of is as follows:

That the disposition made of capital stock subscribed for, and not paid in, is as follows:

That the officers and directors of said Corporation are as follows:

Name.	Residence, Town, Street, and Number.
President,	
Secretary,	
Treasurer,	
Directors,	

That the names and residences of all of the stockholders as shown by the records are as follows:

Names.	Residences.

That the principal office in is at Street in the city of , State of . That the name of the attorney in fact upon whom service can be had in all suits commenced in the said State is , and his address is Street in the city of .

, *President.*
, *Secretary.*

INDIVIDUAL ACKNOWLEDGMENT.

State of }
County, } ss.

On this day of , A. D. 190 , personally appeared before me, a Notary Public in and for said county in said State, and , who are respectively President and Secretary of the above described Corporation, and made oath that the foregoing statement by them subscribed is true in substance and in fact.

, *Notary Public.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

I (here give name of officer and his official title) do hereby certify that , the President, and , the Secretary, of the Company, above named, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary, as having executed the said instrument on behalf of the said Company, appeared before me this day in person, and acknowledged that they signed and affixed the corporate seal of said Corporation to said instrument, and delivered the same freely and voluntarily as the act and deed of the said Company for the uses and purposes therein set forth.

Given under my hand and official seal this day of , A. D. 190 .

ATTORNEY'S CERTIFICATE AS TO DUE ORGANIZATION.

State of }
County of } ss.

, having first been duly sworn, on oath says: that he resides in the city of , State of ; that he is a duly qualified and practising attorney of the State of , and has an office for the transaction of his law business at No. Street in said City of , State of .

Affiant further says that the certificate of incorporation, minutes, and by-laws of the Company hereto attached, constitute the legal organization of the said Company under the laws of the State of , U. S. A.

Affiant further declares and certifies that said Company has been duly and legally organized under and according to the laws of the said State of in such case made and provided.

Subscribed and sworn to before me this 18th day of December, 1907.

CERTIFICATE OF CORPORATE OFFICERS AS TO ORGANIZATION MINUTES AND BY-LAWS.

State of }
County of } ss.

and , having first been duly sworn, on oath say that they are respectively the President and Secretary of the Company, a corporation organized and existing under the laws of the State of , U. S. A., and that they are fully cognizant of all matters connected with the incorporation and organization of said Company.

Affiants further say that the copy of the minutes hereto attached, marked "Exhibit A," is a true and correct copy of the minutes of the organization meeting of said Company duly held and convened according to the laws of the said State of , on the day of December, 190 , at Room No. , Street, in the city of , State of , U. S. A.

Affiants further say that the by-laws hereto attached marked "Exhibit B" are a true and correct copy of the by-laws of said Company duly adopted at the organization meeting of said Company held at Room , Street, in the city of , State of , U. S. A., on the day of December, 190 .

Affiants further say that the copy of the minutes hereto attached marked "Exhibit C" is a true and correct copy of the minutes of the first meeting of the Board of Directors of said Company duly held and convened according to the laws of the State of , on the day of December, 190 , at Room , Street, in the city of , State of , U. S. A.

Affiants further say that the said meeting above referred to (a copy of the minutes of which is hereto attached marked "Exhibit A") was the first, only, and last meeting of the incorporators and stockholders of the Company held since the filing of its articles of incorporation in the office of the Secretary of State in and for the State of on the day of , 190 .

, *President.*

, *Secretary.*

Subscribed and sworn to before me this day of , 190 .

Notary Public, *County,*

(B) SPECIAL FORMS FOR PARTICULAR STATES.

ALABAMA.

CERTIFICATE DESIGNATING AGENT AND PLACE OF BUSINESS IN ALABAMA, FOR FILING IN OFFICE OF SECRETARY OF STATE OF ALABAMA.

Office of
Located at .

In compliance with the provisions of section 1316 of the Code of Alabama, 1896, and section 232 of the Constitution of Alabama, 1901, , a corporation or association organized under the laws of the State of , and having its principal place of business at , in the city of , State of , herewith files a certified copy of its articles of incorporation or association under the laws of said State of , and designates as its known place of business in the State of Alabama, , in the city of , County of , and as its authorized agent thereat, , on whom, as such agent, service of process may be made and all legal notices served, for all the purposes contemplated by the laws of the State of Alabama.

In Witness Whereof, the said corporation or association has caused these presents to be signed by its President and Secretary, and attested by its corporate seal, at its office in , this day of , 190 .

, *President.*

, *Secretary.*

CERTIFICATE TO BE FILED WITH THE STATE AUDITOR.

To the State Auditor of Alabama: The , a Corporation organized under the laws of , being desirous of entering the State of Alabama for the transaction of business therein, files the following statement under an Act approved

March 7, 1907, entitled An Act to amend sections 1321 and 1322 of the Code of 1896.

That the name of the Corporation is , that it was incorporated under the laws of , that its principal place of business is , that its principal place of business in Alabama is , that the name of its authorized agent thereat is , whose post-office address is , that the amount of the total authorized capital is $, that the amount of the actual paid in capital is $, and that the actual amount of capital employed or to be employed in the State of Alabama is $.

The foregoing statement is rendered by the President and Secretary of said Corporation and signed by them respectively under oath, with the corporate seal attached.

, *President.*
, *Secretary.*

Sworn to and subscribed before me this day of , 190 , as witness my seal of office.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

I (name and title of officer), for said county, in said State, hereby certify that A. B., as President, and C. D., as Secretary, of (name of Corporation), whose names are signed to the foregoing conveyance, and who are known to me to be the President and Secretary of said (name of Corporation), acknowledged before me on this day that, being informed of the contents of the conveyance, they executed the same voluntarily as the act and deed of said (name of Corporation), on the day the same bears date.

Given under my hand this day of , A. D. 18

ARIZONA.

APPOINTMENT OF AGENT.

THE _____ COMPANY.

KNOW ALL MEN BY THESE PRESENTS: That the Company, a corporation organized under the laws of Arizona, has, at a regularly held meeting of the of the said Corporation, by resolution properly carried and spread upon the minutes of said meeting, authorized and empowered and does by these presents authorize and empower of Phœnix, Arizona, who for more than three years last past has been a *bona fide* resident of Arizona, for and in behalf of said Company, to accept and acknowledge service of, and upon whom may be served all notices or processes or summons in any action, suit, or proceeding that may be had or brought against the said Company in any of the courts of Arizona, such service of process or notice, or the acceptance thereof by said agent endorsed thereon, to have the same force as if served personally upon the Corporation or the President and Secretary thereof, the said Corporation hereby revoking any power of attorney or appointment of agent heretofore made by it for the purpose designated above.

Witness the signature of the President and Secretary of said Company this day of , 190 .

Company.
By , *President.*

Attest: *Secretary.*

FORM FOR CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

Before me (here insert name and character of officer) the Company, by its President, , known to me to be the person whose name is subscribed to the foregoing instrument as President of said Company, and who acknowledged to me that he executed the same as such President, for the purposes and consideration therein expressed.

Given under my hand and seal ot office this day of , A. D.

[SEAL.]

ARKANSAS.

CERTIFICATE OF FOREIGN CORPORATION. NAMING AN AGENT UPON WHOM SUMMONS MAY BE SERVED.

KNOW ALL MEN BY THESE PRESENTS: That the , a Corporation duly organized, created, and existing under and by virtue of the laws of the State of , and having its principal office or place of business in the City of in said State, does hereby designate and appoint , residing in the City of in the State of Arkansas, he being a citizen of said State, as its agent for the said State of Arkansas, upon whom service of summons and all other legal process may be had and made in all actions or proceedings against said Corporation in any of the courts of said State of Arkansas, according to the provisions of an act of the General Assembly of the State of Arkansas, entitled "An Act to prescribe the conditions upon which Foreign Corporations may do business in this State," approved on the sixteenth day of February, 1899.

The said Corporation hereby designates the City of in the said State of Arkansas as its principal place of business in said State.

In Testimony Whereof, The said Corporation has, by its President, caused these presents to be signed and sealed with its corporate seal at the City of in the State of on this day of , 190 .

By , *President.*

ACKNOWLEDGMENT BY CORPORATION.

State of }
County of } ss.

Be it remembered, that on this day of , A. D. 18 , before the undersigned (name and title of officer), within and for the county aforesaid, duly commissioned and acting, appeared in person A. B., as President (or other officer, as the case may be) of (name of Corporation), to me personally well known as the person whose name appears upon the foregoing instrument as the party grantor, and stated that he had executed the same for the consideration and purposes therein mentioned, and I do hereby so certify.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal, on this day of , A. D. 18 .

FORM FOR USE OF FOREIGN CORPORATION.

We, , as President, and , as Secretary, of the a Corporation organized under the laws of , and having its principal office or place of business at No. Street, in the City of , in the State of , hereby certify that the Charter and Articles of incorporation of said , together with all amendments thereto duly authenticated and certified by the proper authority, is herewith filed with the Secretary of State of the State of Arkansas; and further, the said has assets

of $, and liabilities of $, and that the amount of its capital employed in Arkansas is $, and its general office or place of business in Arkansas is ; and of is hereby appointed as agent, upon whom process may be served.

Each of us further certify that the following is a true and correct copy of a resolution adopted by the Board of Directors of , on the day of , 190 :

"*Be it Resolved*, that service of process upon any agent of in the State of Arkansas, or upon the Secretary of State, in any action brought or pending in said State, shall be valid service upon this Company."

"*Be it further Resolved*, that the President and Secretary certify to a copy of this resolution and file the same with the Secretary of State of the State of Arkansas."

Witness our hands this day of , 190 .

, as President of

, as Secretary of .

Subscribed and sworn to before me by each of the persons who have signed their names hereto, this day of , 190 .

, *Notary Public.*

CALIFORNIA.

DESIGNATION OF AGENT.

KNOW ALL MEN BY THESE PRESENTS: That pursuant to sections 405 and 406 of the Civil Code of the State of California, relating to Foreign Corporations, the , a Corporation formed under the laws of , and carrying on the business of in the State of California, has constituted, appointed, and designated, and by these presents does constitute, appoint, and designate, in accordance with a resolution duly adopted at a meeting of the Board of Directors of said Corporation, held on the day of , A. D. 19 , , residing in the City of , State of California, its General Agent.

That said , so designated as aforesaid, is the agent of the said Company in the State of California, upon whom process, issued by authority by or under any law of said State of California, may be served.

In Witness Whereof, The said Company has to these presents affixed its Corporate Seal, and caused the same to be subscribed by its President and attested by its Secretary, this day of , A. D. 19 .

Attest:

, *Secretary.*

, *President.*

FORM FOR CORPORATION ACKNOWLEDGMENT.

State of California, } ss.
County of }

On this day of in the year one thousand nine hundred and , before me (here insert name and quality of officer) personally appeared known to me (or proved to me on the oath of) to be the President (or the Secretary) of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(L. S.) (Signature and quality of officer.)

COLORADO.

CERTIFICATE OF BUSINESS AND AGENT.

KNOW ALL MEN BY THESE PRESENTS: That we, , President, and , Secretary, of the , a Corporation duly organized under and by virtue of the laws of the State of , do hereby certify that the principal place where the business of said Corporation is to be carried on in the State of Colorado is the County of , and we hereby designate, constitute, and appoint , residing in the city of , County of and State aforesaid, the duly authorized agent of said Corporation, upon whom process may be served, pursuant to the statute in such case made and provided.

Given under our hands and the seal of the said Corporation, at their office in and State of on this day of , A. D. 190 .

, *President.*
, *Secretary.*

State of } ss.
County of }

I , a Notary Public within and for the County and State aforesaid, do hereby certify that President, and , Secretary, of the , who are personally known to me to be the persons who subscribed the above and foregoing instrument in writing, and acknowledged that they signed, sealed, and delivered the same as their free and voluntary act and deed, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this day of , A. D. 190 .

My commission expires , A. D. 190 .

, *Notary Public.*

FORM FOR CORPORATE ACKNOWLEDGMENT.

State of Colorado, } ss.
County of }

I, , a Notary Public, in and for said county, in the State aforesaid, do hereby certify that , President, and , Secretary, of The Company, who are personally known to me to be such President and Secretary, and who are personally known to me to be the same persons who executed the within instrument in writing on behalf of the Company, appeared before me this day in person and acknowledged that they signed, sealed, and delivered the said instrument as their free and voluntary act of said Company for the uses and purposes therein specified.

Given under my hand and notarial seal this day of , A. D. 19 .

(SEAL.) (Signature) *Notary Public.*

CONNECTICUT.

KNOW ALL MEN BY THESE PRESENTS: That , a Corporation duly organized under the laws of the State of , and located and doing business at , acting herein by its , duly authorized thereunto, by these presents makes, ordains, constitutes, and appoints the Secretary of the State of Connecticut, and his successor in office, its true and lawful attorney, upon whom all lawful process in any action or proceeding against the said Corporation, in the State of Connecticut, including the process of foreign attachment, may be served.

And said Corporation hereby agrees that any lawful process against it which is served on said attorney, shall be of the same legal force and validity as if served on the Corporation, and that said appointment shall continue in force as long as any liability remains outstanding against it in this State.

In Witness Whereof, the said Corporation has caused its corporate name and seal to be hereto affixed by * its * thereunto duly authorized this day of , 190 .

State of } ss. 190 .
County of }

Personally appeared * of said Corporation, signer and sealer of the above instrument, he being thereunto duly authorized by the Corporation above named, and acknowledged the same to be his free act and deed, and the free act and deed of said Corporation, before me,

, *Notary Public.*

Fee for Recording in Secretary's Office, $1.00.

* Insert name and title of office.

STATEMENT BY THE

In accordance with the provisions of an act of the General Assembly of the State of Connecticut, entitled "An Act concerning corporations," being chapter 194 of the Public Acts of 1903, The , a Corporation organized under the laws of the State of , does hereby certify and set forth:

First. That the paper hereto attached is a true and correct copy of its charter or certificate of organization filed with the Secretary of State of the State of , and properly certified by the said Secretary.

Second. The total amount of capital stock said Company is authorized to issue is dollars, and the amount actually paid in is dollars, of which amount dollars has been paid in in cash, and dollars has been paid as follows:

Third. The character of the business which said Corporation is to transact in this State is .

Dated at , this day of , 190 .

, *President.*
, *Treasurer.*

_____ } *A Majority of Directors.*

State of } ss. 190
County of }

Personally appeared , President, , Treasurer, and , a majority of the Directors of The , and made oath to the truth of the foregoing statement by them subscribed, before me,

, *Notary Public.*

CERTIFICATE OF ACKNOWLEDGMENT BY CORPORATION.

State of } ss.
County of }

, A. D. 18 . Then and there before me (name and title of officer), within and for the County and State aforesaid, duly commissioned and acting as such, personally appeared , agent of the Company, signer and sealer of the foregoing instrument, and acknowledged the same to be his free act and deed, and the free act and deed of said Company, before me.

Witness my hand and seal of office, on this day of , A. D. 18 .

DISTRICT OF COLUMBIA.

APPOINTMENT OF RESIDENT AGENT.

KNOW ALL MEN BY THESE PRESENTS: That the , a Corporation organized under the laws of the District of Columbia, does hereby appoint the Company, of Washington, D. C., its lawful agent in and for the District of Columbia, for and in behalf of said Company, to accept and acknowledge service of, and upon whom may be served, all necessary process or processes in any action, suit, or proceeding that may be had or brought against the said Company in any of the courts of said District of Columbia, such service, process, or notice, or the acceptance thereof by said agent endorsed thereon, to have the same force and effect as if served upon the President and Secretary of said Company, the said Corporation hereby revoking any power of attorney or appointment of agent heretofore made by it for the purposes designated.

Witness the signature of the President and Secretary of said Company, this day of , 190 .

, *President.*

, *Secretary.*

UNITED STATES OF AMERICA.

STATE OF ——————, TO WIT:

I, , a Notary Public in and for the State aforesaid, do hereby certify that and , parties to the annexed Certificate of Appointment, bearing date on the day of , 190 , personally appeared before me in the State aforesaid, the said and , being personally known to me to be the persons who made and signed the said Certificate and severally acknowledged the same to be their act and deed for the purposes therein set forth.

Witness my hand and seal this day of , 190 .

, *Notary Public.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

I (name and title of officer), in and for the County of and State aforesaid, do hereby certify that G. H., to whom the power of attorney is given by the party grantor in a certain deed of indenture, bearing date the day of , in the year of our Lord one thousand nine hundred and , and hereto annexed, personally appeared before me in my county aforesaid, the said G. H., being personally well known to me as the person named as the attorney in the said deed, and the said G. H. did acknowledge the same to be the act and deed of the (name of Corporation in full).

Given under my hand and official seal, this day of , A. D. 18 .

DELAWARE.

NOTE. — Use general forms numbered 1 to 10, *ante*.

ACKNOWLEDGMENT BY CORPORATION.

State of }
County of } ss.

Be it Remembered, that on the day of , A. D. 18 , personally came before me (name and title of officer) , President of the Company, a corporation of the State of Delaware, party to the foregoing inden-

ture, known to me personally (or proved on the oath of the witness) to be such, and acknowledged the said indenture to be his act and deed, and the act and deed of the said Company; that the signature of the said President is his own proper handwriting; that the seal affixed is the common or corporate seal of the said Company; and that his act of sealing, executing, and delivering said indenture was duly authorized by resolution of the directors (or trustees or other managers) of said Company.

Given under my hand and official seal the day and year aforesaid.

FLORIDA.

NOTE. — Use general forms numbered 1 to 10, *ante*.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

On this day of , A. D. 18 , before me (name and title of officer), personally appeared A. B., President (or other officer) of (name of Corporation), to me known to be the person described in and who executed the foregoing instrument, and acknowledged the execution thereof to be the free act and deed of the (name of Corporation), for the uses and purposes therein mentioned.

In Witness Whereof, I have hereunto set my hand and affixed my official seal (if the officer have a seal) the day and year first above written.

GEORGIA.

CERTIFIED STATEMENT FOR REGISTRATION

BY

Name of Corporation,
Principal Office,
Nature of Business,

When Incorporated.	Where Incorporated.	By what Authority Incorporated.	Capital Stock.

I hereby certify that the above statement is correct.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

I, , a (here insert official position) in and for the in the State of , residing at , do hereby certify that the foregoing instrument in writing was executed by the above named A. B., as President of the (name of Corporation), and the seal of said Corporation attached thereto by him in my presence on the day of , A. D. 18 , in due form of law.

Witness my hand and official seal, this the day of , A. D. 18 .

NOTE. — This blank must be filled out and returned to the Secretary of State annually, before November 1st, with a fee of one dollar for first return and fifty cents annually thereafter.

HAWAII.

NOTE. — Use general forms 1 to 10, *ante*.

IDAHO.

State of }
County of } ss.

, being first duly sworn, deposes and says:

That he is (title of office) of (name of corporation, joint-stock company, or association)

That the principal office of said Company is located at , County of , State of .

That the names and post-office addresses of its officers are as follows:

	Name.	Post-Office Address.
President,		
Secretary,		
Treasurer,		

That the date of the annual election of directors and officers of said (name of Company) is the day of of each year.

That the amount of authorized capital stock of the said Company is ($) dollars, which is divided into shares of the par value of ($) dollars each; that the amount of capital stock subscribed is shares; the amount of capital stock issued and the amount of capital stock paid up is shares, aggregating dollars.

And that the names and addresses of the said Company's Managing Agent and Attorneys in Fact in the State of Idaho are as follows:

Name.	Office.	Post-Office Address.

Office: ———————

Subscribed and sworn to before me this day of , 190 .

, *Notary Public.*

DESIGNATION OF AGENT, AND ACCEPTANCE OF THE PROVISIONS OF THE CONSTITUTION OF THE STATE OF IDAHO.

KNOW ALL MEN BY THESE PRESENTS: That , a Corporation organized and existing under the laws of the State of , having filed in the office of the Secretary of State of the State of Idaho a duly authenticated copy of its Articles of Incorporation, does hereby, in pursuance of the laws of the State of Idaho, make this certificate, and does hereby designate County, in the State of Idaho, as the county in which the principal place of business of said Corporation in said State of Idaho is and shall be conducted, and does hereby designate , residing at in said County, as the Authorized Agent of said Corporation in said State of Idaho, upon whom process issued by authority of, or under any law of the State of Idaho, may be served, as provided by the Constitution and laws of said State of Idaho.

And the said , desiring and intending to conform in all respects to the Constitution and laws of said State, and to avail itself of the rights, privileges, and immunities guaranteed by said Constitution and laws, does hereby accept the provisions of the Constitution of the State of Idaho for all the intents and purposes contemplated by the provisions thereof, relating to such acceptance by other than municipal corporations. (Article XI. section 7, Constitution of Idaho.)

In Witness Whereof, the said has caused this Certificate and Acceptance to be executed, acknowledged, and delivered in its name on its behalf, by its President, and to be attested by its Secretary, and hath caused its corporate seal to be hereunto affixed at in the County of and State of this day of , 190 .

By , *President.*

Attest:

, *Secretary.*

State of Idaho, } ss.
County of }

On this day of in the year 190 , before me a in and for said county, in the State aforesaid, personally appeared , known to me to be the President of the Corporation that executed the within and foregoing instrument, and acknowledged to me that such Corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my seal this day of , 190 .

My commission expires on the day of , 190 .

NOTE. — Original to be filed for record with the Secretary of State, Boise, Idaho, and duplicate with the Clerk of the District Court in the county where the principal place of business is located.

ILLINOIS.

AFFIDAVIT OF PRESIDENT AND SECRETARY.

State of }
County, } ss.

, President, and , Secretary, each of lawful age, being duly sworn, upon their oaths, state that they make this affidavit for the purpose of complying with An Act entitled "An Act to regulate the admission of foreign corporations for profit, to do business in the State of Illinois." Approved May 18, 1905. In force July 1, 1905.

That they are respectively President and Secretary of , a Corporation duly incorporated under the laws of the State of on the day of , 19 , for a term of years.

That the business said Corporation proposes to pursue under its charter in the State of Illinois is as follows:

That the amount of capital stock of said Corporation is dollars and the proportion of the capital stock of said Corporation which is represented by the property located and business transacted in the State of Illinois is (express in fraction, as one-half, one-fourth, etc., as the case may be), and the amount of the said capital stock, so represented in the State of Illinois, is dollars; That said Corporation is transacting, or intends to transact, business in the following States or countries:

That the amount paid in upon its capital stock is as follows:

That the property and assets and the estimated value thereof that will be employed in the business of said Corporation in the State of Illinois is as follows:

That the disposition made of capital stock subscribed for and not paid in, is as follows:

That the officers and directors of said Corporation are as follows:

Name.		Residence, Town, Street, and Number.
_____	President	_____
_____	Secretary	_____
_____	Director	_____
_____	"	_____
_____	"	_____
_____	"	_____
_____	"	_____
_____	"	_____
_____	"	_____

That the names and residences of all of the stockholders as shown by the records are as follows:

Names.	Residences.

That the principal office in Illinois is at Street, in the city of

Illinois. That the name of the attorney in fact upon whom service can be had in all suits commenced in the State is , and his address is Street, in the city of , Illinois.

, *President.*

(CORPORATE SEAL.) , *Secretary.*

State of }
County, } ss.

On this day of , A. D. 19 , personally appeared before me a Notary Public in and for said County in said State, and , who are respectively President and Secretary of the above described Corporation, and made oath that the foregoing statement by them subscribed is true in substance and in fact.

, *Notary Public.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

I (here give name of officer and his official title), do hereby certify that A. B., the President, and C. D., the Secretary of the (here insert the name of Corporation), above named, who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and Secretary, as having executed the said instrument on behalf of the said (here insert name of Corporation), appeared before me, this day, in person, and acknowledged that they signed and affixed the corporate seal of said (here insert name of Corporation) to said instrument, and delivered the same freely and voluntarily as the act and deed of the said (here insert name of Corporation), for the uses and purposes therein set forth.

Given under my hand and (private or official, as the case may be) seal this day of , A. D. 18 .

ANTI-TRUST AFFIDAVIT.

State of Illinois, }
County of } ss.

I, , do solemnly swear that I am the of the Corporation known and styled , duly incorporated under the laws of on the day of , and now transacting and conducting business in the State of Illinois, and that I am duly authorized to represent said Corporation in the making of this affidavit, and I do further solemnly swear that the said , known and styled as aforesaid, has not since the first day of July, A. D. 1893, created, entered into, or become a member of, or a party to, and was not on the day of nor at any day since that date and is not now, a member of, or a party to, any pool, trust, agreement, combination, confederation, or understanding with any other corporation, partnership, individual, or any other person or association of persons, to regulate or fix the price of any article of merchandise or commodity; and that it has not entered into or become a member of, or a party to, any pool, trust, agreement, contract, combination, or confederation, to fix or limit the amount or quantity of any article, commodity, or merchandise to be manufactured, mined, produced, or sold in this State, and that it has not issued and does not own any trust certificates; and for any corporation, agent, officer, or employee, or for the directors or stockholders of any corporation, has not entered into, and is not now in, any combination, contract, or agreement with any person or persons, corporation or corporations, or with any stockholder or director thereof, the purpose and effect of which said combination, contract, or agreement would be to place the management or control of such combination or combinations, or the manufactured product thereof, in the hands of any trustee or trustees, with the intent to limit or fix the price or lessen the production and sales of any article of commerce,

use, or consumption, or to prevent, restrict, or diminish the manufacture or output of any such article.

Subscribed and sworn to before me, a within and for the County of , this day of 19 .
(SEAL.)

INDIANA.

AFFIDAVIT OF PRESIDENT AND SECRETARY

State of }
County, } ss.

, President, and , Secretary, each of lawful age, being duly sworn, upon their oaths, state that they make this affidavit for the purpose of complying with An Act entitled "An Act to regulate the admission of foreign corporations for profit, to do business in the State of Indiana." Approved March 9, 1907. In force April 10, 1907.

That they are respectively President and Secretary of , a Corporation duly incorporated under the laws of the State of on the day of , 19 , for a term of years.

That the business said Corporation proposes to pursue under its charter in the State of Indiana is as follows:

That the amount of capital stock of said Corporation is dollars and the proportion of the capital stock of said Corporation which is represented by the property located and business transacted in the State of Indiana, is (express in fraction, as one-half, one-fourth, etc., as the case may be), and the amount of the said capital stock, so represented in the State of Indiana, is dollars; That said Corporation is transacting, or intends to transact, business in the following States or countries:

That the amount paid in upon its capital stock is as follows:

That the property and assets and the estimated value thereof that will be employed in the business of said Corporation in the State of Indiana is as follows:

That the disposition made of capital stock subscribed for and not paid in is as follows:

That the officers and directors of said Corporation are as follows:

Name.		Residence, Town, Street and Number
_____	President	_____
_____	Secretary	_____
_____	Director	_____
_____	"	_____
_____	"	_____

That the principal office in Indiana is at Street in the city of Indiana. That the name of the agent or attorney in fact upon whom service can be had in all suits commenced in the State is , and his address is Street, in the city of .

, *President.*
(CORPORATE SEAL.)
, *Secretary.*

State of }
County, } ss.

On this day of , A. D. 19 , personally appeared before me, a Notary Public in and for said county, in said State, and , who are respectively President and Secretary of the above described Corporation, and made oath that the foregoing statement by them subscribed is true in substance and in fact.

, *Notary Public.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

Personally appeared before me (name and title of officer), this day of , A. D. 19 , A. B., President of the (name of Corporation), and S. P. , Secretary of (name of Corporation), and A. B. as such President, and S. P. as such Secretary, and on behalf of said (name of Corporation) acknowledged the execution of the annexed instrument.

Witness my hand and seal of office (if officer have a seal), this day of , A. D. 19 .

IOWA.

RESOLUTION OF BOARD OF DIRECTORS

OF THE ——————— OF .

At a meeting of the Board of Directors of the held at , on the day of , A. D., 190 , the following resolution was adopted:

Be it Resolved, That a certified copy of the articles of the above incorporation be filed with the Secretary of State, of the State of Iowa, with a request that a certificate be issued permitting said Corporation to transact business within the State of Iowa.

Be it further Resolved, That service of process is hereby authorized to be made upon any of the officers or agents of said Corporation, acting for, or engaged in the transaction of its business within the said State.

Be it further Resolved, That the permit so issued shall be subject to all the provisions of the statutes of Iowa relating to corporations for pecuniary profit.

Be it further Resolved, That the Secretary of this Corporation be and is hereby authorized and instructed to do any and all things necessary to carry out the provisions of this resolution.

, *President.*

, *Secretary.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

On this day of , A. D. 19 , before me (name and title of officer), in and for said county, personally came A. B., President (or other officer) of (name of Corporation), to me personally known to be the identical person whose name is subscribed to the above instrument as President (or other officer) of (name of Corporation), grantor therein named, and acknowledged the execution of said instrument to be the voluntary act and deed of the said Corporation by him, as such officer, voluntarily done and executed.

In Testimony Whereof, I have hereunto set my hand and official seal (if the officer have a seal) the day and year above written.

KANSAS.

APPLICATION FOR AUTHORITY TO ENGAGE IN BUSINESS IN THE STATE OF KANSAS AS A FOREIGN CORPORATION.

To the Charter Board of the State of Kansas: The , a corporation organized under the laws of the State of , applies for permission to engage in business in the State of Kansas, and for that purpose submits the following statement, to wit:

First.

A certified copy of its Charter or Articles of Incorporation, which is filed herewith.

Second.

The place where the principal office or place of business of said Corporation is located is

Third.

The full nature and character of the business in which said Corporation proposes to engage within the State of Kansas is

Fourth.

The names and addresses of the officers and trustees or directors are:

_____	_____
_____	_____
_____	_____

Fifth.

Resources.	Dollars.	Cts.	Liabilities.	Dollars.	Cts.
Bills receivable,			Capital paid up,		
Real estate,			Surplus,		
Personal property,			Undivided profits,		
Stocks, bonds, and other securities,			Bills payable.		
			Accounts payable,		
Merchandise,			Bonded indebtedness,		
Cash on hand,			Encumbrance on real estate or plant,		
Due from banks,					
Accounts, receivable,					
Judgments,					
Total,			Total,		

Sixth.

The amount of the capital stock of said Corporation is dollars divided into shares, of dollars each.

We further state that the above application is made in good faith, with the intention that said Corporation shall actually engage in the business specified, and none other.

State of }
County, } ss.

I, , President, and I, , Secretary, of the above-named Corporation, do solemnly swear that the above is a full and complete statement of the resources and liabilities of said Corporation as shown by the books of the same, and that said statement and the several matters and things contained in this application are true in every particular, to the best of my knowledge and belief. So help me God.

, *President.*
, *Secretary.*

Subscribed and sworn to before me, this day of , A. D. 190 .
[SEAL.]

, *Notary Public.*

My commission expires , 19

CONSENT OF CORPORATION.

KNOW ALL MEN BY THESE PRESENTS: That the , a Corporation organized under the laws of the State of , and with its principal office at

, in said State, hereby consents, without power of revocation, that actions may be commenced against it, the said , in the proper court of any county in the State of Kansas in which a cause of action against such Corporation may arise, or may have heretofore arisen, or in which plaintiff may reside, by service of process on the Secretary of State of the State of Kansas; and the said Corporation stipulates and agrees that such service shall be taken and held in all courts to be as valid and binding as if due service had been made upon the President or any other chief officer of said Corporation.

In Witness Whereof, said Corporation has caused these presents to be executed by its President and its Secretary, and authenticated by its corporate seal, at in said State of this day of , A. D. 190 .

, *President.*

Attest:

, *Secretary.*

RESOLUTION

BY

The of .

, 190 .

At a meeting of the Directors of , duly held at the office of said Company, on the day of , 190 , Mr. offered the following resolution and moved its adoption:

Resolved, That the President and Secretary of this be and they are hereby authorized and instructed to execute the written consent thereof to be sued in the State of Kansas, in the manner provided in section 3 of an Act of the Legislature of the State of Kansas concerning private corporations, approved January 7, 1899.

The resolution was adopted.

State of }
County of } ss.

, being duly sworn, says he is Secretary of the of , and that the foregoing is a true and correct copy of a resolution adopted by the Board of Directors of said , on the day of , 190 , together with the minutes concerning said resolution.

, *Secretary.*

Sworn to and subscribed before me, this day of , 190 .

, *Notary Public.*

My commission expires 19 .

CERTIFICATE OF FILING OF ANNUAL STATEMENT.

Office of the Secretary of State,
Topeka, , 190 .

I, , Secretary of State, do hereby certify that the annual statement of the of for the year ending , 190 , has been made and is on file in this office.

, *Secretary of State.*

By , *Charter Clerk.*

CORPORATE ACKNOWLEDGMENT.

State of Kansas, }
County of } ss.

Be it Remembered, That on this day of , 19 , before me, the undersigned, a within and for the county and State aforesaid, came , President of , a Corporation duly organized, incorporated, and existing under the laws of the State of , who is personally known to

me to be such officer, and who is personally known to me to be the same person who executed as such officer the within instrument of writing, and such person duly acknowledged the execution of the same to be the act and deed of said Corporation.

In Witness Whereof, I have hereunto subscribed my name and affixed my official seal on the day and year last above written.

(Signature and title of officer.)

KENTUCKY.

STATEMENT OF CORPORATION

[To be filed in the office of the Secretary of State before doing business in this State.]

(Date) , 190 .

To the Secretary of State, Frankfort, Ky.:

Sir, — I hereby give notice that the place of business for the (name of Corporation) (a Corporation of the State of) in Kentucky [is] [are] , and that of , Ky., of , Ky., of , Ky., [is] [are] our agent thereat, upon whom process may be served in any suit that may be brought against our Company within the State of Kentucky.

Done at this day of , 190 .

, *President.*

, *Secretary.*

[seal.]

Note. — This statement may be signed by the President or Secretary.

(Fill out and return, with fifty cents recording fee.)

CORPORATE ACKNOWLEDGMENT.

State of Kentucky, } ss.
County of }

Personally appeared before me, a within and for the county and State aforesaid, President of , a Corporation duly organized, incorporated, and existing under and by the laws of the State of , and , Secretary of said Corporation, who are personally known to me to be such officers, and who are personally known to me to be the same persons who executed as such officers the within instrument of writing, and such persons duly acknowledged the execution of the same to be the act and deed of said Corporation.

Subscribed to in my presence this day of , 190 .

LOUISIANA.

ACT No. 54 OF 1904.

Know all Men by these Presents: That the Company of in the State of , doing business, or being about to do business in the State of Louisiana, in conformity with the laws thereof, does, pursuant to the laws of said State, hereby make this its written declaration that the place or locality of its domcile is ; that it is doing business at the following place , in the State of Louisiana, to wit: , and that it does hereby make, constitute, and appoint of the city of parish of its true and lawful attorney, in and for the State of Louisiana on whom all process of law, whether mesne or final, against said Company, may be served in any action or special proceedings against said Company in the State of Louisiana, subject to and in accordance with all the provisions and statutes and laws of said State of Louisiana now in force and such other acts as may be hereafter passed amendatory thereof and supplementary thereto, and the said attorney is hereby duly

authorized and empowered, as the agent of said Company, to receive and accept service of process in all cases as provided for by the laws of the State of Louisiana, and such service shall be deemed valid personal service and binding upon this Company, agreeably to Article 264 of the Constitution of Louisiana, and in compliance with Act No. 54 of 1904. This appointment is to continue in force for the period of time and in the manner provided for by the statutes of the State of Louisiana, and until another attorney shall be duly and regularly substituted.

In Witness Whereof, The said Company, in accordance with a resolution of its Board of Directors, duly passed on the day of , A. D. 190 (a certified copy of which is hereto attached), has to these presents affixed its corporate seal, and caused the same to be subscribed and attested to by its President and Secretary at the city of in the State of on the day of , A. D. 190 .

[SEAL.] , *President.*
, *Secretary.*

CERTIFIED COPY OF A RESOLUTION DULY PASSED BY THE BOARD OF DIRECTORS OF THE COMPANY ON THE DAY OF , 190 .

At a meeting of the Board of Directors of the Company, held on the day of , A. D. 190 , at the office of the Company in the city of , State of , a quorum of said board being present, on motion the following resolution was duly passed:

"*Resolved,* That this Company having been admitted or having applied for admission to transact business in the State of Louisiana, in conformity with the laws thereof, hereby makes, constitutes, and appoints of its true and lawful attorney in and for the State of Louisiana, with the powers hereinafter set forth; and hereby authorizes the President and Secretary, under the corporate seal of the Company to file a written declaration in the office of the Secretary of State, setting forth the place or locality of the domicile of this Corporation, the place or places in the State of Louisiana where it is doing business, and the name of its agent in said State upon whom process may be served, and for said purpose particularly does hereby authorize the said President and Secretary, under the corporate seal of the Company to make, constitute. and appoint of the city of its true and lawful attorney, in and for the State of Louisiana, on whom all process of law, whether mesne or final, against said Company may be served in any action or special proceedings against said Company in the State of Louisiana, subject to and in accordance with all the provisions and statutes and laws of said State of Louisiana now in force, and such other acts as may hereafter be passed, amendatory thereof and supplementary thereto; and the said attorney to be duly authorized and empowered, as the agent of said Company, to receive and accept service of process, in all cases as provided for by the laws of the State of Louisiana, and such service to be deemed valid personal service and binding upon this Company, agreeably to Article 264 of the Constitution of Louisiana, and in compliance with Act 54 of 1904. Said appointment is to continue in force for the period of time, and in the manner provided for by the statutes of the State of Louisiana, and until another attorney shall be duly and regularly substituted."

I hereby certify that the above is a correct copy of the vote or resolution of the Directors of said Company, authorizing the appointment of an attorney for the State of Louisiana.

Witness my hand and the seal of said Company at , this day of , 190 .

(SEAL.) , *Secretary.*

State of }
County of } ss.
City of }

On this day of , 190 , before me, the subscriber

duly appointed to take proof and acknowledgment of deeds and other instruments, came , President, and , Secretary of the Company, to me personally known to be the individuals described in and who executed the preceding instrument, and they each duly acknowledged to me, and in the presence of the subscribing witnesses, the execution of the same; and being by me each duly sworn severally and each for himself deposeth and saith that they are the officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the corporate seal of the said Company; and that the said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of said Corporation.

In Testimony Whereof, I hereunto set my hand and affix my official seal, at the city of , the day and year first above written.

[SEAL.]

CORPORATION ACKNOWLEDGMENT.

State of } ss.
County of }

I (name and title of officer) do hereby certify that G. H., attorney in fact for (name of Corporation), grantor in the foregoing instrument, appeared before me, and acknowledged on behalf of said Corporation that he executed the said instrument for the purposes therein mentioned, and that the same is the act and deed of the said Corporation.

In Testimony Whereof, I have hereunto set my hand and official seal this day of , A. D. 18 . (Signature and title.)

MAINE.

NOTE. — All foreign corporations are at liberty to carry on any legal business in Maine without a permit.

CORPORATION ACKNOWLEDGMENT.

State of } ss.
County of }

day of , A. D. 19 , personally appeared A. B., President of (name of Corporation), and acknowledged the foregoing instrument to be the free act and deed of the said (name of Corporation), before me.

In Witness Whereof, I have hereunto set my hand and seal on the day and year above written.

MARYLAND.

NOTE. — See general forms numbered 1 to 10, *ante*.

CORPORATION ACKNOWLEDGMENT.

Instruments must end as follows:

"And this deed further witnesseth, that the said A. B. Co. doth hereby appoint T. G., its attorney, to acknowledge these presents as the act of said A. B. Company."

Witness the corporate seal of the said Company and the signature of the President thereof. J. T. K., *President*.

State of } ss.
County of }

I hereby certify that on this day of , in , before the subscriber, a (title of officer), personally appeared T. G., he being known to me to be the person who is known and described as and professing to be the attorney named in the letter or power of attorney contained in the foregoing deed, and by

virtue and in pursuance of the power and authority thereby granted, acknowledged the said deed or instrument of writing to be the act and deed of the party of the first part hereto.

COMMONWEALTH OF MASSACHUSETTS.

We, , President, , Treasurer, and , being a majority of the Directors of , a Corporation organized under the laws of , in compliance with the provisions of chapter 437 of the Acts of 1903, do hereby certify as follows concerning said Corporation:

1. That the name of said Corporation is .
2. That the location of its principal office is .
3. That the names and addresses of its officers are as follows:

	Names (Full Proper Names).	Address.
President,		
Treasurer,		
Clerk or Secretary,		
Directors,		

4. That the date of its annual meeting for the election of officers is .
5. That the amount of its capital stock authorized is dollars.

The amount of capital stock issued is dollars.

The number of its shares is	Preferred	
	Common	
The par value of its shares is	Preferred	dollars.
	Common	dollars.
The amount paid in thereon to the treasurer is	Preferred	dollars.
	Common	dollars.

The amount of such payment made otherwise than in money is as follows:

Paid in property, viz.: [State here the number of shares issued on each item.]

	Preferred.	Common.
Real Estate		
Location		
Area		
Machinery		
Merchandise		
Bills Receivable		
Stocks and Securities		
Patent Rights		
Trademarks		
Copyrights		
Goodwill		
Services*		
Expenses*		

* State the nature of such service or expenses.

6. Usual place of business in this Commonwealth.
7. To whom and where shall notice and copies of legal process be addressed?

In Witness Whereof, we have hereunto signed our names, this day of , in the year nineteen hundred and .

State of } ss.

, 190 .

Then personally appeared the above-named , and severally made oath

that the foregoing certificate, by them subscribed, is true to the best of their knowledge and belief.

Before me,

(If out of Massachusetts, oath before a Commissioner for Massachusetts or Notary Public; if within Massachusetts, before a Notary Public or Justice of the Peace.)

KNOW ALL MEN BY THESE PRESENTS, That the , a Corporation located in the of , in the State of , and established under the laws of said State, desiring to transact business in the Commonwealth of Massachusetts in conformity with the laws thereof, hereby constitutes and appoints the Commissioner of Corporations of said Commonwealth, or his successor in office, to be the true and lawful attorney of said Corporation, in and for the said Commonwealth, upon whom all lawful processes in any action or proceeding against said Corporation in said Commonwealth may be served, in like manner and with the same effect as if said Corporation existed therein. And the said Corporation hereby stipulates and agrees that any lawful process against said Corporation, which is served on its said attorney, shall be of the same legal force and validity as if served on said Corporation.

This appointment and the authority of said attorney shall continue in force so long as any liability remains outstanding against said Corporation in said Commonwealth.

In Witness Whereof, the aforesaid Corporation, pursuant to a resolution of its Board of Directors, duly passed on the day of , A. D. 190 (a certified copy whereof is hereto annexed), hath caused these presents to be subscribed by its President and countersigned by its Clerk or Secretary, and the corporate seal of said Corporation to be hereunto affixed, this day of in the year one thousand nine hundred and .

, *President.*

, *Clerk* [or *Secretary*].

N. B. — The seal of the Corporation should be affixed.

State of }
County of } ss.

On this day of , A. D. 190 , before me, the subscriber, a[1] , duly appointed and qualified, personally appeared the before-named President, and Clerk (or Secretary), of the (who are personally known to me), and severally acknowledged the execution of the foregoing instrument by them subscribed, and they severally made oath that they are respectively the aforedescribed officers of said Corporation; that the seal affixed to said instrument is its true and proper corporate seal; and that they subscribed said instrument, and said corporate seal was affixed by virtue of authority duly conferred by said Corporation.

Witness my hand and official seal, at in the State and county aforesaid, the day and year above written.

---

[1] If out of Massachusetts, before a Commissioner for Massachusetts or Notary Public. If within Massachusetts, before a Notary Public or Justice of the Peace.

[COPY.]

At a meeting of the Board of Directors of the , a Corporation established under the laws of the State of , duly held on the day of , A. D. 190 , a quorum being present, the following Resolution was adopted:

"*Resolved*, that this Corporation hereby appoints the Commissioner of Corporations of the Commonwealth of Massachusetts, or his successor in office, to be its true and lawful attorney, in and for said Commonwealth, upon whom all lawful processes in any action or proceeding against this Corporation in said Commonwealth may be served, in like manner and with the same effect as if this Corpora-

tion existed therein. And this Corporation hereby stipulates and agrees that any lawful process against it, which is served on its said attorney shall be of the same legal force and validity as if served on this Corporation. This appointment, and the authority of said attorney, shall continue in force so long as any liability remains outstanding against this Corporation in said Commonwealth; and the President and Clerk or Secretary are hereby authorized to execute, in the name of the Corporation, and under its corporate seal, a certificate of authority or power of attorney to the said Commissioner of Corporations, in conformity with this Resolution and the laws of said Commonwealth."

I hereby Certify, that the above is a true copy of the Resolution of the Directors of this Corporation, authorizing the appointment of an attorney for the Commonwealth of Massachusetts, as recorded by me.

, *Clerk* [or *Secretary*].

MICHIGAN.

, 190 .

To the Secretary of State, Lansing, Michigan:

, a foreign Corporation organized and existing under and by virtue of the laws of the State of , hereby makes the following declaration, pursuant to an Act of the Legislature of Michigan, entitled "An Act to prescribe the terms and conditions on which foreign corporations may be admitted to do business in Michigan," approved June 6, 1901, as amended:

First. The location of its principal office is .

The location of its principal place or places of business .

The names and addresses of the principal officers are .

Second. The location of its principal office and the principal place of business in Michigan .

The names and addresses of the officers or agents of the Company in charge of its business in Michigan are .

Third. The authorized capital stock of said Corporation is Dollars ($).

Fourth. The total value of the property owned and used by the Company in its business, giving the location and general character, and stating separately the value of its tangible property, of its cash and credits, its franchises, patents, trade-marks, formulas, good will, is .

Fifth. The value of property owned and used in Michigan and where situated, showing different kinds as in item fourth .

Sixth. The total amount of business transacted during the preceding year .

Seventh. The amount of business, if any, transacted in Michigan .

Eighth. The particular purpose or particular kind of business for which the company desires to be admitted is the following .

Ninth. Its corporate term will expire .

In Witness Whereof, said has caused its corporate seal to be affixed and its name to be hereunto attached this day of , A. D. 190 .

(L. s.) By _____

State of }
County of } ss.

, being duly sworn, depose and say, that they are officers, to wit, the and respectively of , that the foregoing statement, executed in the name and on behalf of said Corporation, and under its corporate seal, is true.

_____

Sworn to before me and subscribed in my presence, this day of , A. D. 190 .

_____

(L. s.)

My commission expires 10, .

Office of the Secretary of State,
Lansing, Michigan, , 190 .

From the foregoing statement made by the said , and from other

facts coming to my knowledge, I find the proportion of the capital stock of the Company, represented by its property and business in Michigan, to be per cent of its authorized capital stock, to wit, the sum of dollars, on which the franchise fee of one-half of one mill on each dollar will be the sum of dollars.

, *Deputy Secretary of State.*

APPOINTMENT OF AGENT.

At a Special Meeting of the Board of Directors of the Company duly called, and held at the office of the Company at the City of , on the day of , A. D. 190 , the following resolution was adopted:

Resolved, That of , Michigan, be and he is duly appointed the agent of this Company, and authorized to acknowledge service of any and all process for and on behalf of this Company; and this Company does hereby consent that service of process upon said shall be taken and held to be as valid as if served upon this Company, according to the laws of the State of Michigan or any other State, and this Company hereby waives all claim of error by reason of such service.

Secretary of the Company.

State of } ss.
County of }

I, , President of the Company, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted on this day of , A. D. 190 , appointing the agent of said Company, to acknowledge service of process.

In Witness Whereof, I have hereunto set my hand and caused to be affixed the seal of said Company, at the city of , this day of , A. D. 190 .

(L. S.) , *President.*

CORPORATION ACKNOWLEDGMENT.

State of } ss.
County of }

On this day of , A.D. 19 , before me (name and title of officer in full), personally came A.B., known to me to be the President of the (name of Corporation in full), and C.D., known to me to be the Secretary of said Company, and severally acknowledged the foregoing instrument of writing to be their free act and deed and the free act and deed of said (name of Corporation).

And I further certify that I know the seal affixed to said instrument to be the corporate seal of the said Corporation.

In Testimony Whereof, I do hereby set my hand and affix my official seal the day and year last above written.

MINNESOTA.

KNOW ALL MEN BY THESE PRESENTS: That , in the State of , a Corporation duly organized and existing under the laws of said State of , has and maintains a public office and place of business in the State of Minnesota, to wit: , in the City of in said State of Minnesota, and does hereby constitute and appoint , of said City of , its agent and attorney, who is duly authorized to accept service of process and upon whom service of process may be had in any action to which said company may be a party, and service on said agent shall be taken and held as personal service upon said Corporation. This appointment to be and

continue in force for the period of time and manner provided by sections 2888, 2889, 2890, Revised Laws of Minnesota, 1905, and until another attorney shall be substituted and appointed, and the appointment of as agent is hereby revoked.

Witness our hands and seal of said company, this day of A.D. 190 .

, *President*
, *Secretary*

State of
County of } ss.

Personally appeared before me , President, and , Secretary, and acknowledged the foregoing to be their free act and deed.

, *Notary Public.*

AFFIDAVIT OF CORPORATE OFFICERS.

State of
County } ss.

, of lawful age, being duly sworn, upon his oath states that he makes this affidavit for the purpose of complying with sections 2888, 2889, 2890, Revised Laws of Minnesota, 1905.

"An Act to require every foreign Corporation, organized for pecuniary profit, now or hereafter doing business in this State, to have a public office in this State, at which to transact its business, and to appoint an agent duly authorized to accept service of process, and requiring such Corporation to file its articles or certificates of incorporation with the Secretary of State, and pay into the State Treasury certain fees, providing penalties for a violation of the provisions of this act, and repealing Chapter 70, General Laws of 1899; approved April 17, 1899."

That he is the of , a Corporation duly incorporated under the laws of the State of on the day of , 190 , for a term of years; that the amount of Capital Stock of said Corporation is dollars; and the proportion of the Capital Stock of said Corporation which is represented by the property located and business transacted in the State of Minnesota is[1] and the amount of said Capital Stock so represented in the State of Minnesota is dollars; that represents said Corporation in the State of Minnesota; and that the public office of said Corporation or place for the transaction of its business in the State is at in the City of Minnesota.

State of
County of } ss.

On this day of personally appeared before me, a in and for said county, in said county, in said State, and made oath that the foregoing statement by him subscribed is true in substance and fact.

[SEAL]

[1] One-fourth, nine-tenths, etc., as the facts may be.

CORPORATION ACKNOWLEDGMENT.

On this day of , A.D. 19 , before me, appeared A.B., to me personally known, who being by me duly sworn (or affirmed), did say that he is the President (or other officer or agent of the Corporation or association)

of (describing the Corporation or association), and that the seal affixed to said instrument is the corporate seal of said Corporation (or association), and that said instrument was signed and sealed in behalf of said Corporation (or association) by authority of its board of directors (or trustees), and said A.B. acknowledged said instrument to be the free act and deed of said Corporation (or association).

MISSISSIPPI.

CORPORATION ACKNOWLEDGMENT.

NOTE. — Use general forms numbered 1 to 10, *ante*.

State of }
County of } ss.

Personally appeared before me (name and title of officer) the within named A. B., President (or other officer) of (name of Corporation), who acknowledged that he signed and delivered the foregoing instrument, on the day and year therein mentioned.

Given under my hand and seal of office (if the officer has a seal), this day of , A. D. 18 .

MISSOURI.

A foreign Corporation desiring to obtain certificate of authority and license to do business in Missouri is required to file in the office of the Secretary of State:

First. A copy of its articles of association and charter certified by the Secretary of State of the State in which the Company is incorporated. The articles should show that the full amount of the authorized capital stock has been *bona fide* subscribed, and that at least one-half thereof has been paid up according to the laws of Missouri. If the articles should not set out these facts, but if subsequent to its incorporation the full amount of the authorized capital has been *bona fide* subscribed, and one-half thereof has been paid up, it will be permissible for an authorized officer of the Company to make affidavit to that effect in the following form:

State of }
County of } ss.

I, (President or Secretary) of the , a Corporation organized under the laws of , with a capital stock of dollars, divided into shares, of the par value of dollars each, as authorized by its certificate of incorporation issued by the Secretary of State of the State of , on the day of 18 , do hereby certify that all of said stock has been *bona fide* subscribed and per cent (not less than 50) actually paid up according to the laws of the State of Missouri.

Witness my hand this day of , 19 .

, (President or Secretary).

Subscribed and sworn to before me, this day of , 19 .

My commission expires 19 .

(SEAL.) , *Notary Public.*

Second. A statement, duly sworn to by the principal officer or agent in Missouri, setting forth the proportion of the capital stock which is represented by its property located and business transacted in Missouri: and designating a public office or place of business in this State for the transaction of its business where legal service may be obtained upon it, as follows:

State of Missouri, }
County of } ss.

, Principal Officer (or Principal Agent) in Missouri of , a Corporation duly incorporated under the laws of the State of on the day of 19 , for a term of years, being duly sworn, upon his oath, states that he represents said corporation as its principal agent in the State of Missouri; that the amount of capital stock of said Corporation is dollars,

and the proportion of the capital stock of said Corporation which is represented by its property located and business transacted in the State of Missouri, is dollars; and that the principal office of said Corporation or place for the transaction of its business in the State of Missouri, where legal service may be obtained upon it, is located at the city of , Missouri.

Subscribed and sworn to before me, this day of , 19 .

My commission expires 19 .

, *Notary Public.*

Third. Affidavit that said Corporation is not in contravention of the laws of Missouri against pools, trusts, and conspiracies, as follows:

State of Missouri, } ss.
County of }

I, , do solemnly swear that I am the (President, Secretary, or Managing Officer), of the Corporation known and styled , duly incorporated under the laws of , on the day of , and now transacting or conducting business in the State of Missouri, and that I am duly authorized to represent said Corporation in the making of this affidavit. And I do further swear that the said , known and styled as aforesaid, is not now, and has not at any time within one year from the date of this affidavit, created, entered into, become a member of, or participated in any pool, trust, agreement, combination, confederation, or understanding with any other corporation, partnership, individual, or any other person or association of persons, to regulate or fix the price of any article of manufacture, mechanism, merchandise, commodity, convenience, repair, any product of mining, or any article or thing whatsoever, or the price or premium to be paid for insuring property against loss or damage by fire, lightning, or storm; and that it has not entered into, or become a member of or a party to any pool, trust, agreement, contract, combination, or confederation to fix or limit the amount or quantity of any article of manufacture, mechanism, merchandise, commodity, convenience, repair, any product of mining, or any article or thing whatsoever, or the price or premium to be paid for insuring property against loss or damage by fire, lightning, or storm; and that it has not issued and does not own any trust certificates, and for any corporation, agent, officer, or employee, or for the directors or stockholders of any corporation, has not entered into and is not now in any combination, contract, or agreement with any person or persons, corporation or corporations, or with any stockholder or director thereof, the purpose and effect of which said combination, contract, or agreement would be to place the management or control of such combination or combinations, or the manufactured product thereof, in the hands of any trustee or trustees, with the intent to limit or fix the price or lessen the production and sale of any article of commerce, use, or consumption, or to prevent, restrict, or diminish the manufacture or output of any article; and that it has not made or entered into any arrangement, contract, or agreement with any person, association of persons, or corporation designed to lessen, or which tends to lessen, full and free competition in the importation, manufacture, or sale of any article, product, or commodity in this State, or under the terms of which it is proposed, stipulated, provided, agreed, or understood that any particular or specified article, product, or commodity shall be dealt in, sold, or offered for sale in this State, to the exclusion, in whole or in part of any competing article, product, or commodity.

, (President, Secretary, or Managing Officer).

Subscribed and sworn to before me, a within and for the County of , this day of , 19 .

(SEAL.)

Additional affidavit required under Act of 1903 to be filed with the application for license to do business in Missouri.

State of } ss.
County of }

We, , President, and , Secretary, of the , a Corporation duly organized and existing under the laws of the State of , by charter bearing date , 19 , located at , in the State of , do solemnly

swear that in making application for license to do business in Missouri, under provisions of section 1025, R. S. 1899, as amended by an Act approved March 24, 1903, we are duly authorized to represent said Corporation in making this affidavit, and that it is the desire of said Corporation to carry on in the State of Missouri, solely, the business of , which is authorized by its charter; and that if said corporation is licensed it shall not and will not do or transact any other business in Missouri, or exercise any other or further powers, rights, or privileges than those set out above, whether or not its charter powers be so limited.

Attest:

(CORPORATE SEAL.) , *President.*

, *Secretary.*

Subscribed and sworn to before me, this day of , 19 .

(SEAL.) , *Notary Public.*

Fourth. Send draft or certified check payable to the order of the State Treasurer, to cover the State tax and fees, estimated as follows: On a capital of $50,000 or less, invested in Missouri, $50.00; license, $10.00, and fee for issuing certificate, $1.50; minimum total, $61.50. For each $10,000 capital so invested in excess of $50,000, $5.00 additional.

CORPORATION ACKNOWLEDGMENT.

State of } ss.
County of }

On this day of , A. D. 19 , before me, appeared A. B., to me personally known, who, being by me duly sworn (or affirmed), did say that he is the President (or other officer or agent of the Corporation or association) of (name of Corporation or association), and that the seal affixed to said instrument is the corporate seal of said Corporation (or association), and that said instrument was signed and sealed in behalf of said Corporation (or association), by authority of its board of directors (or trustees), and said A. B. acknowledged said instrument to be the free act and deed of said Corporation (or association).

In Witness Whereof, I have hereunto set my hand and affixed my official seal, the day and year aforesaid.

MONTANA.

NOTE. — Use general forms numbered 1 to 10, *ante*.

CORPORATION ACKNOWLEDGMENT.

State of } ss.
County of }

On this day of , A. D. 19 , personally appeared before me (name and title of officer), in and for said city (or county), A. B., President of the (name of Corporation), personally known to me as such person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same freely and voluntarily as the act and deed of the said Corporation, and for the uses and purposes therein mentioned.

Witness my hand and seal.

NEBRASKA.

KNOW ALL MEN BY THESE PRESENTS: That the , a Corporation with a principal office at , State of , and a branch office in the State of Nebraska, at , County of .

The name of our agent in charge of our branch office is , and we do hereby appoint the Auditor of Public Accounts of the State of Nebraska, our true and lawful attorney upon whom all lawful process in any action or proceeding

against the Company may be served with the same effect as if the Company existed in this State.

And it is hereby strictly agreed on the part of the Company that any lawful process against said Company, which is served on said attorney, shall be of the same legal force and validity as if served on the Company, and that this authority shall continue in force so long as any liability remains outstanding against the Company in the State of Nebraska.

Witness our signatures this day of 190 .

, *President.*
, *Secretary.*

State of } ss.
County of }

Before me a notary public in and for the County of , in State of , personally appeared , President, and , Secretary, and acknowledged the signing of the above instrument.

, *Notary Public.*

(File one copy with the Secretary of State, recording fee 30 cts. And file one copy with Register of Deeds in county where branch office is located.)

CORPORATION ACKNOWLEDGMENT.

State of Nebraska, } ss.
County of }

On this day of A. D. 190 , before me, a duly commissioned and qualified in and for said county, personally came the above named , President, and , Secretary, of , who are personally known to me to be the identical persons whose names are affixed to the above deed as President and Secretary of said Corporation, and they acknowledged the instrument to be their voluntary act and deed and the voluntary act and deed of said Corporation.

Witness my hand and official seal at in said county the day and year aforesaid.

NEVADA.

APPOINTMENT OF RESIDENT AGENT.

KNOW ALL MEN BY THESE PRESENTS: That we , and , respectively the President and Secretary of the , do hereby certify and declare as and for the act and deed of such officers of said Corporation, as follows: viz.: That the Company is a Corporation duly created, organized, and existing under and by virtue of the laws of the State of , and has its office and the place where the principal business of said Corporation is transacted at the city . And said Corporation owns and holds property in the State of Nevada and does business therein. That this Corporation has appointed and will keep in the State of Nevada, as an agent upon whom all legal process may be served for this Corporation .

Now therefore, this Corporation does hereby file this certificate properly authenticated by the proper officers of this Corporation, with the Secretary of State of Nevada, and does hereby certify specially and declare that the full name of their said agent, upon whom all legal process may be served for this Corporation is, , that the residence of said agent is at , in the county of in the State of Nevada.

Done at the said city and county of , State of , this day of , A. D. , in pursuance of a resolution duly passed by the board of directors of said corporation, and entered on the minutes thereof.

, *President*, and
, *Secretary*, of the
Company.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

On this day of , A. D. 19 , before me (name and title of officer in full) personally appeared A. B., the President of the (name of Corporation), to me personally known to be the individual whose name is subscribed to the foregoing instrument as the President of the said (name of Corporation), and he acknowledged to me that he executed the same as the President of said Corporation for, on behalf and in the name of said company, as its free and voluntary act and deed, for the uses and purposes therein mentioned, and in pursuance to the order and resolution of said company directing such instrument to be executed, by signing the same as President thereof and affixing thereto its corporate seal.

In Witness Whereof I have hereunto set my hand and affixed my official seal (if the officer have a seal), the day and year first above written.

NEW HAMPSHIRE.

NOTE. — No permit to transact business is required of Foreign Corporations in New Hampshire.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

On the day of , A.D. 19 , (name of Corporation), by (name of agent), its agent for this purpose, duly authorized, appeared and acknowledged the foregoing instrument, by it signed, to be its free act and deed.

Before me, . (Title).

NEW JERSEY.

STATEMENT BY FOREIGN CORPORATION.

The Company.

In accordance with the provisions of an act of the Legislature of the State of New Jersey, entitled "An Act Concerning Corporations (Revision of 1896)," the Company, a Corporation of the State of , does hereby certify and set forth:

First. That the paper hereto attached is a true and correct copy of its charter or certificate of organization filed with the Secretary of State of the State of , which copy is attested by its President and Secretary under its corporate seal.

Second. The total amount of capital stock said Company is authorized to issue is $, and the amount actually issued is $.

Third. The character of business which said Corporation is to transact in this State is the

Fourth. The place within the State of New Jersey which now is and is to be its principal place of business is No. Street, in the city of .

Fifth. , of full age, an actual resident of this State, whose abode is at number Street, in the State of New Jersey, is the Agent of said Corporation in this State, upon which Agent process against such Corporation may be served in this State; said Agent's office is at the said principal place of business of said Corporation in the State of New Jersey.

In Testimony Whereof, the said Corporation hath caused its corporate seal to be hereto affixed, and these presents to be signed by its President and attested by its Secretary, the day of , A.D. 190 .

The *Company.*

By , *President.*

Attest:

, *Secretary.*

(Attach statement of directors, officers, etc. Then annex copy of charter or certificate of incorporation.)

The undersigned, president and secretary, of the Company do hereby certify, that the annexed is a true and correct copy of the certificate of incorporation of the aforesaid company and the whole thereof.

In Attestation Whereof, we have affixed our hands and the corporate seal of the company this day of , 19 .

, *President.*
, *Secretary.*

REPORT OF A FOREIGN CORPORATION.

The Company.
Organized under the Laws of the State of

The Corporation above named, organized under the Laws of the State of , does hereby make the following report in compliance with the provisions of an act of the Legislature of New Jersey, entitled "An Act Concerning Corporations (Revision of 1896)," and the various acts amendatory thereof and supplemental thereto.

First. The name of the Corporation is

Second. The location of the registered office is at No. Street, , and is the agent upon whom process may be served.

Third. The character of the business is

Fourth. The amount of the authorized capital stock is $. The amount actually issued and outstanding is $.

Fifth. The names and addresses of all the Directors and Officers, and the term when the office of each expires are as follows:

Names of Directors.	Address.	Expiration of Term.

Officers:

Sixth. The next annual meeting of the stockholders for election of Directors is appointed to be held on

Witness our hands the day of , A.D. 190 .

, *President.*
, *Secretary.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

Be it remembered that on the day of , A.D. 19 , before me (name and title of officer), personally appeared E.D., to me known, who, being by me duly sworn according to law, on his oath doth depose and say that he is the Secretary (or other officer) of the (name of Corporation), the grantors in the foregoing deed named; that the seal affixed to the said deed is the corporate seal of the said (name of Corporation); that it was so fixed by order of the said (name of Corporation); that A. B. is the President (or other executive officer) of the said (name of Corporation); that he saw the said A. B., as such President, sign the said deed, and heard him declare that he signed, sealed, and delivered the same as the voluntary act and deed of the said (name of Corporation) by their order; and that this deponent signed his name thereto, at the same time, as a subscribing witness.

Subscribed and sworn before me, the day and year above written.

NEW YORK.

APPLICATION FOR PERMIT TO DO BUSINESS WITHIN THE STATE BY A FOREIGN CORPORATION.

Pursuant to the provisions of section 16 of the General Corporation Law of the State of New York, and section 432 of the Code of Civil Procedure of said State (insert corporate name) Company, a stock Corporation organized and existing under and by virtue of the laws of the State of , does hereby make a statement and designation under its corporate seal, to be filed with the annexed sworn copy of its charter (or certificate of incorporation) as follows, to wit:

First. That the business or objects of the said Corporation which it is engaged in carrying on (or which it proposes to carry on), within the State of New York, is (or are) as follows: (state business or objects).

Second. That the place within the State of New York which is to be its principal place of business is (insert location).

Third. That said Corporation hereby designates (insert name of person) as a person upon whom a summons may be served within the State of New York, or any process or any other paper, whereby a special proceeding is commenced in a court, or before an officer, except a proceeding to punish for contempt, and except where special provisions for the service thereof is otherwise made by law.

Fourth. That said (insert name of person) so designated, has an office or place of business at No. , Street, in the city (or village) of , the place where said Corporation is to have its principal place of business within the State of New York.

Fifth. That the written consent of said (insert name) to such designation, duly signed and acknowledged, is hereunto annexed.

Sixth. That a sworn copy of the charter (or certificate of incorporation) of said incorporation is hereunto annexed.

In Witness Whereof, the (insert corporate name) Company, the incorporation hereinbefore mentioned and described, has caused this instrument to be executed by its president (or vice-president, or other acting head), and has caused its corporate seal to be hereunto affixed this day of , 19 .

(CORPORATE SEAL) The (insert corporate name) Company,
By (signature), *President.*

State of }
County of } ss.

On the day of in the year , before me personally came , to me known, who, being duly sworn, did depose and say that he resided in , that he is the (president or other officer) of the (name of corporation), the corporation described and which executed the above instrument; that he knew the seal of said corporation; that the seal affixed to said instrument was such corporate seal, and that he signed his name thereto by like order.

(Signature and office of officer taking acknowledgment.)

CONSENT TO APPOINTMENT AS AGENT.

I (insert name), the person designated in the foregoing instrument as a person upon whom a summons or any process, as therein mentioned, against the (insert name of Corporation) may be served within the State of New York, do hereby consent to such designation.

In Witness Whereof, I have hereunto set my hand this day of , 19 .
(Signature.)

State of New York, }
County of } ss.

On this day of , 189 , before me personally came , to

me known to be the person described in and who signed the foregoing consent, and he acknowledged to me that he signed and executed the same for the uses and purposes therein mentioned.

, *Notary Public*,
County, N. Y.

Sworn copy of charter of incorporation to be attached to the foregoing certificate.

(Here append copy of the charter or certificate of incorporation.)

OATH TO BE ANNEXED TO COPY OF CHARTER OR CERTIFICATE OF INCORPORATION.

State of }
County of } ss.

(Insert name), being duly sworn, deposes and says, that he is the secretary or other officer of (insert name of Corporation) Company, a Corporation organized under the laws of the State of ; that the foregoing is a true copy of the charter (or certificate of incorporation) of said Corporation and of the whole thereof.

Sworn to before me this day of , 19 .

RESOLUTION OF BOARD OF DIRECTORS OF A FOREIGN CORPORATION.

(Signature of Notary.)

Resolved, That the President of the (insert corporate name) be and he is hereby authorized and directed to execute in the name and on behalf of said Corporation the statement required to be filed by foreign corporations under the provisions of the General Corporation Law of the State of New York, to attach seal of the Corporation thereto, and in said statement to designate (insert name of person) in the manner prescribed by the Code of Civil Procedure as the person upon whom process against the Corporation may be served within the State of New York, and further to do all acts and things necessary to comply with the provisions of law in said State.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

On this of , A. D. 19 , before me, personally came A. B., the President of the (name of Corporation), with whom I am personally acquainted, who being by me duly sworn, said that he resided in the city of ; that he was President of the (name of Corporation); that he knew the corporate seal of said ; that the seal affixed to the within (or above or annexed) conveyance (or instrument) was such corporate seal; that it was affixed by order of the board of directors of said (name of Corporation); and that he signed his name thereto by the like order, as President of said (name of Corporation).

(Signature and title.)

COUNTY CLERK'S CERTIFICATE.

Authentication of the County Clerk, etc., to be annexed to the certificate of acknowledgment of proof, taken according to the laws of another State:

State of }
County of } ss.

I, C. D., Clerk (Recorder, Register, or Prothonotary) of said county (or of Court of said county), do hereby certify that A. B., who subscribed the foregoing certificate of acknowledgment (or proof), was at the time of taking such acknowledgment (or proof) a Notary Public (or other officer) residing in said

county and duly authorized to take and certify the same by the laws of said State, and that the same is taken and certified in all respects as required by the laws of said State. That I am well acquainted with the handwriting of said A. B., and verily believe that the signature attached to the foregoing certificate is the genuine signature of said A. B.

Witness my hand and official seal, this day of , A. D. 19 .

NORTH CAROLINA.

APPLICATION FOR DOMESTICATION BY A FOREIGN CORPORATION.

The Company, organized under the laws of the State of , does hereby make the following statement in compliance with the provisions of section 1194 of the Revisal of 1905 of North Carolina:

First, The name of the Corporation is

Second, The location of the registered office is at No. Street, , and the location of the principal office in North Carolina is at , N. C., County of , and is the agent upon whom process may be served.

Third, The character of the business is

Fourth, The amount of the authorized capital stock is $. The amount actually issued and outstanding is $.

Fifth, The names and addresses of all the Directors and Officers, and the term when the office of each expires, are as follows:

Names of Directors.	Address	Expiration of term.

OFFICERS:

President,
Vice-President,
2d Vice-President,
Treasurer,
Secretary,

[CORPORATE SEAL.]

Witness our hands the day of A. D. 190 .

, *President.*
, *Secretary.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

I, (name and title of officer) (if before a Commissioner of affidavits of North Carolina use title, &c., as in foregoing form) do hereby certify that personally appeared A. B., who being by me duly sworn did depose and say that he resides at ; that he is the President of (name of Corporation), the Corporation described in, and who executed the foregoing instrument; that the seal affixed to said instrument is the corporate seal of said Corporation, affixed by their authority, and at the same time the said A. B. acknowledged to me that he executed the said instrument for the purposes therein expressed as President of the (name of Corporation), the Corporation therein described, as his act and deed. And at the same time and place personally appeared E. F. and J. H., who being by me severally duly sworn, did depose and say that they were severally members of the (name of Corporation), the

Corporation described in, and who executed the foregoing instrument; that the seal attached to said instrument is the corporate seal of said Corporation; and at the same time and place the said E. F. and J. H. acknowledged to me that they severally executed the said instrument for the purposes therein expressed as two of the members of the (name of Corporation), the Corporation therein described.

In Witness Whereof I have hereunto set my hand and affixed my official seal, at aforesaid, the day and year in the corporation first above mentioned.

NEW MEXICO.

NOTE. — Use general forms numbered 1 to 10, *ante*.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

Be it remembered that on this day of , A. D. 19 , before me, the undersigned, a (title of officer) in and for said city (or county) aforesaid, came the (name of Corporation), by A. B., its President, who is to me well and personally known as the same person whose name is subscribed to the foregoing deed, and he duly acknowledged that he signed, sealed, and executed the said instrument of writing as his free and voluntary act, for the uses and purposes therein set forth.

Witness my hand and official seal, this the day and year last above written.

NORTH DAKOTA.

APPOINTMENT OF ATTORNEY BY CORPORATION.

KNOW ALL MEN BY THESE PRESENTS: That , a Corporation organized, existing, and doing business under and by virtue of the laws of the State of , located in the city of in said State, does hereby constitute and appoint , Secretary of State of the State of North Dakota and his successors in office, its true and lawful attorney, duly authorized to accept service of process and upon whom all process in any action or proceeding against it may be served, and the said Corporation does hereby stipulate and agree that any process which may be served upon the said attorney shall be of the same force and validity as if served upon it personally in this State. This appointment shall continue in force and shall not be revoked so long as any liability of said Corporation remains outstanding in this State. This appointment is executed in compliance with and under the provisions of section 4697 of the Revised Codes of 1905 of the State of North Dakota.

In Witness Whereof, the said Corporation, by its President, has caused these presents to be executed, sealed with its corporate seal, and attested by its Secretary, this day of , A. D. 190 .

, *President.*

Attested: , *Secretary.*

State of }
County of } ss.

On this day of , A. D. 190 , before me, a notary public in and for the County of and State of , personally appeared , President, and , Secretary, of said Corporation, and each being duly sworn deposes and says that they are the President and Secretary respectively of said Corporation and that jointly they have full right and authority to execute and sign the foregoing instrument on behalf of and for the said Corporation, and that the same is as valid and binding as if executed and signed by the Board of Directors of said Corporation.

, *President.*

, *Secretary.*

Subscribed and sworn to before me this day of , A. D. 190 .

, *Notary Public.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

On this day of in the year 18 , before me (name and title of officer), personally appeared , known to me (or proved to me on the oath of) to be the President (or Secretary) of the Corporation that is described in and that executed the within instrument, and acknowledged to me that such Corporation executed the same.

OHIO.

FORM OF APPLICATION UNDER ACT OF MAY 16, 1894.

To the Secretary of State, Columbus, Ohio:

, a foreign Corporation organized and existing under and by virtue of the laws of the State of , with its principal office located at , in County, , in compliance with an act of the General Assembly of Ohio, entitled "An Act to further supplement section 148 of the Revised Statutes," passed May 16, 1894 (as amended May 10, 1902), requiring a foreign Corporation organized for purposes of profit, and owning or using, or which proposes to own or use, a part or all of its capital stock or plant in said State of Ohio, before being permitted to do business, exercise its franchises, or maintain an action therein, under the oath of its President, Secretary, or other officer, to make and file with the Secretary of State a statement of facts and pay a certain stipulated fee, hereby makes the following declaration:

First. The authorized capital stock of said Corporation is dollars ($), divided into ( ) shares of the par value of dollars ($) each.

Second. The value of the property owned and used in Ohio, situate at is dollars ($).

Third. The value of the property of the Company owned and used outside of Ohio is dollars ($).

Fourth. The proportion of the capital stock of the Company represented by property owned and used, and by business transacted in Ohio is .

Fifth. The location of its office or offices in Ohio is at .

Sixth. The names and addresses of the officers or agents of the Company in charge of its business in Ohio are as follows:

Name of President,
Address,
Name of Secretary,
Address,
Name of Treasurer,
Address,

Names and addresses of managers or agents, other than as above enumerated:

In Witness Whereof, said has caused its corporate seal to be affixed and its corporate name to be hereunto attached by an officer thereof, to wit: its this day of , A. D. 190 .

(L. s.)

By .

State of }
County of } ss.

, being duly sworn, deposes and says that he is an officer, to wit: the of , that he executed the foregoing statement, in the name and on behalf of said Corporation, and caused its corporate seal to be thereto

affixed; that he was authorized to make such statement and to execute the same by authority of the Corporation, and that the statements therein are true.

Sworn to before me and subscribed in my presence, this day of , A. D. 190 .

(L. S.)

State of }
County, } ss.

I, , within and for the county aforesaid, do hereby certify that , whose name is subscribed to the foregoing acknowledgment as a , was at the date thereof a , in and for said county, duly commissioned and qualified, and authorized as such to take said acknowledgment; and further, that I am well acquainted with his handwriting, and believe that the signature to the same is genuine.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Court at this day of , A. D. 190 .

(L. S.)

Office of the Secretary of State.

Columbus, Ohio, , 190 .

From the facts thus reported by the said , I find the proportion of the capital stock of the Company represented by its property and business in Ohio to be per cent of its authorized capital stock, to wit: the sum of dollars, on which I have assessed a fee of one-tenth of one per cent, amounting to the sum of dollars.

, *Secretary of State.*

(L. S.)

FORM OF APPLICATION UNDER ACT OF APRIL 25, 1893.

(*Attach Copy of Articles of Incorporation hereto.*)

TO THE SECRETARY OF STATE, COLUMBUS, OHIO:

, a Corporation organized and existing under the laws of the State of , with its principal office located at , in County, , desiring to conform to the laws of Ohio, regulating foreign corporations doing business therein, does hereby make the following statement:

First. The amount of its authorized capital stock is .

Second. The business or objects of the Corporation which it is engaged in carrying on, or which it proposes to engage in or carry on in the State of Ohio is .

Third. The principal place of business of said Corporation in Ohio is to be located at in County.

Fourth. We hereby appoint , of , in County, Ohio, as the person upon whom process may be served in all actions that may be brought against this Company in any of the courts of the State, and designate his office , in said city, as the principal office of the Company in the State of Ohio.

In Witness Whereof, said Corporation has caused its corporate seal to be hereto attached, and this certificate to be executed by its President and Secretary, this day of , A. D. 190 .

By , *President.*
, *Secretary.*

State of }
County } ss.

, and , being first duly sworn, depose and say that they all did execute and sign the foregoing certificate for and on behalf of said Cor-

poration, and that the same is their free act and deed, and is the free act and deed of said , of which they are respectively the President and Secretary; that the statements therein are true, and that the seal attached thereto is the genuine seal of said corporation; they further declare, on oath, that the charter or certificate of incorporation hereto attached is a true copy of the articles of incorporation or charter of said .

Sworn to before me and subscribed in my presence, this day of A. D. 190 .

(L. S.)

State of }
County of } ss.

I, , within and for the County aforesaid, do hereby certify that , whose name is subscribed to the foregoing acknowledgment as a , was at the date thereof a , in and for said county, duly commissioned and qualified, and authorized as such, to take said acknowledgment; and further, that I am well acquainted with his handwriting, and believe that the signature to the same is genuine.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said court, at this day of , A. D. 190 .

(L. S.)

, Ohio, , 190 .

GENTLEMEN, — I hereby accept the appointment as the representative of your Company upon whom process may be served, and agree to the designation of my office, , as your principal office in the State of Ohio.

State of Ohio, County of , ss.

Personally appeared before me the undersigned, a Notary Public in and for said County, this day of , A. D. 190 , the above named , who acknowledged the signing of the foregoing to be his free act and deed for the uses and purposes therein mentioned.

Witness my hand and official seal on the day and year last aforesaid.

(SEAL.) *Notary Public in and for* *County, Ohio.*

RETURN OF FOREIGN CORPORATION UNDER SECTION 148c SHOWING AGGREGATE AMOUNT OF CAPITAL STOCK OWNED OR CONTROLLED BY RESIDENTS OF OHIO, ETC.

The Company,

, 190

TO THE SECRETARY OF STATE, COLUMBUS, OHIO:

The Company, a foreign corporation organized and existing under and by virtue of the laws of the State of , with its principal office located at , in County, , in compliance with section 148c of the Revised Statutes of Ohio, as amended April 14, 1900, does hereby make its return and statement showing the aggregate amount of all of its capital stock owned and controlled by residents of Ohio, the names and addresses of stockholders, with the number of shares owned by each on the day preceding the second Monday of April, A. D. 1900, together with the assessed value of the property of such Company returned for taxation in the name of such Corporation in the State of Ohio, and the assessed value of the property of such Company returned for taxation outside of Ohio:

First. The assessed value of the property returned for taxation in the name of the Corporation in the State of Ohio is as follows:

Name of county (or counties)
Real property, value, $
Personal property, value, $
Total, $

Second. The aggregate value of the real and personal property of said Corporation returned for taxation in the name of such Corporation outside of Ohio, located in the (State or States) is $

Third. The following is the aggregate amount of all its capital stock owned or controlled by residents of Ohio, together with the names and addresses of the stockholders, with the number of shares owned by each, on the day preceding the second Monday of April, A. D. 1900:

Names of Stockholders.	Postoffice Address.	No. Shares Common Stock.

No. Shares Preferred Stock.	Par Value Preferred Stock.	Par Value Common Stock.

Total number shares preferred stock,
Total number shares common stock,
Aggregate amount of preferred stock (par value), $
Aggregate amount of common stock (par value), $
Total value of common and preferred, $

By _____
(Title of Officer.)

State of
County of } ss.

, being first duly sworn, says that he is the of said , and that the foregoing return and statement is true and correct.

Sworn to and subscribed before me and in my presence by the said on this day of , A. D. 19 .

, *Notary Public.*

Department of State,
COLUMBUS, OHIO, , 1900.

As the aggregate amount of all the capital stock of said Company, owned or controlled by residents of the State of Ohio, is in excess of the assessed value returned for taxation in this State, said stock is taxable in proportion.

, *Secretary of State.*

CORPORATION ACKNOWLEDGMENT.

State of
County of } ss.

Be it remembered that on this day of , in the year of our Lord one thousand eight hundred and , before me, the subscriber, a (title of the officer) in and for said county, personally came A. B. (state official position), of the Company, the grantor herein, and acknowledged that, as such officer, he did sign the foregoing instrument, and caused the corporate seal of said Company to be thereto attached, and the same is the voluntary act and deed of said Company for the uses and purposes therein mentioned.

In Witness Whereof, I have hereunto set my hand and official seal, this day of , A. D. 19 .

OREGON.

DECLARATION — Foreign Corporation.

This declaration must be accompanied by a certified copy of the Charter, or articles of incorporation of such foreign Corporation, joint stock Company or Association, certified to by the legal keeper of the original, together with a certificate of the Secretary of State of a State or Territory of the United States, or of the United States Ambassador, Minister, Consul General, Vice Consul, or Charge d'Affaires in a foreign country, under whose jurisdiction such Corporation, joint stock Company or Association was formed, that such certifying officer has the requisite official knowledge as to whether such charter or articles of incorporation are of a genuine, valid, and subsisting character, and that such character is duly certified by the officer having the legal custody of the original.

Corporation No. .

Fee Book No. .
Page No. .

DECLARATION OF PURPOSE TO ENGAGE IN BUSINESS IN THE STATE OF OREGON.

KNOW ALL MEN BY THESE PRESENTS:

That the , a , organized and existing under and pursuant to the Laws of , having its principal office at Number Street, in the of , hereby makes the following declaration of its desire and purpose to engage in business within the State of Oregon, which declaration is accompanied by a duly authenticated copy of its , in compliance with the provisions of "An Act to provide for the licensing of Domestic Corporations, and Foreign Corporations, Joint Stock Companies and Associations, etc.," approved February 16, 1903:

The full name under which it proposes to transact business is .

The name of the State or Country under whose laws it was organized is .

The location of its home office is at Number Street, in the of .

The date of its formation or incorporation was the day of , 19 .

The amount of its capital stock is ($) dollars.

The nature of the pursuit, business, or occupation in which it is authorized to engage, .

Said corporation commenced the transaction of business in the State of Oregon on the day of 190 .

The location of the principal office within the State of Oregon is at Number Street, in the of , County of .

The name of its Attorney in Fact, constituted and appointed in accordance with the provisions of section 6 of "An Act to provide for the licensing of Domestic Corporations and Foreign Corporations, Joint Stock Companies and Associations, etc., approved February 16, 1903, is , whose business address is at Number Street, in the of , in the County of .

The names and addresses of its principal officers, and of its directors or trustees, are as follows:

Names.	Office.	Postoffice Address.

The name and residence of its General Agent within the State of Oregon is , Number Street, in the of in the County of

In Witness Whereof, said Corporation, in pursuance of a resolution duly adopted by its Board of , has caused this declaration to be signed by its

President and Secretary, and its Corporate Seal to be affixed, the day of , 190 .

(CORPORATE SEAL.)

_____ (SEAL.)
_____ (SEAL.)
President.
_____ (SEAL).
Secretary.

} ss.

I, , President, and I, , Secretary of the , being severally duly sworn depose and say, and each for himself says, that I am President and Secretary, respectively, of the , the Corporation mentioned in and which executed the foregoing declaration, and that said declaration is a full, true, and correct statement of the matters therein contained according to the best of my information, knowledge, and belief.

Subscribed and sworn to before me this day of , 190 .

} ss.

I, , Secretary of the , being first duly sworn depose and say upon oath that is the President of said Corporation, and that the signature affixed to the above and foregoing declaration is the genuine signature of said ; that the Corporate Seal hereinbefore attached and impressed herein is the Corporate Seal of said Corporation, and was affixed thereto by me, and that the foregoing declaration was executed for the by its President and Secretary, pursuant to a resolution of the Board of of said Corporation duly adopted on the day of , 190 , so help me God.

Subscribed and sworn to before me this day of , 190 .

POWER OF ATTORNEY.

To be executed, acknowledged, and recorded in the office of the Secretary of State by a foreign Corporation. Required under the provisions of "An Act to provide for the licensing of domestic corporations and foreign corporations, joint stock companies and associations, etc.," approved February 16, 1903, before transacting business in the State of Oregon, . . . Sec. 6, p. 44, Laws of 1903.

KNOW ALL MEN BY THESE PRESENTS:

That is a Corporation duly organized under and by virtue of the laws of , having its principal place of business in the , and a place of business in , in the State of Oregon;

That said has made, constituted, and appointed, and does hereby make, constitute, and appoint , a citizen of the United States, and a citizen and resident of the State of Oregon, residing at , Oregon, and whose place of business is No. Street, its true and lawful Attorney in Fact and authorized Agent, for it, and in its name, place, and stead to make and accept service of all writs, processes, and summonses in any action, suit, or proceeding in any of the courts of the State of Oregon, or United States courts therein, and upon whom all lawful writs, processes, and summonses may be served with the same effect as though the Company existed in the State of Oregon, requisite and necessary to give competent and complete jurisdiction of the said to any of the said courts;

Giving and Granting unto said full power and authority to do and perform every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as the said might or could

do if personally present, hereby ratifying and confirming all that the said shall lawfully do or cause to be done by authority thereof.

This Power of Attorney is irrevocable except by the substitution of another qualified person for the one hereby appointed Attorney in Fact.

In Witness Whereof, said corporation, in pursuance of a resolution duly adopted by its Board of , has caused this instrument to be executed in its name by its President and Secretary, and its Corporate Seal to be hereto affixed the day of , 190 .

_____ [SEAL.]

_____ [SEAL.]

, *President.*

_____ [SEAL.]

, *Secretary.*

(CORPORATE SEAL.)

_____ } ss.

_____ }

This Certifies, that on this day of , 190 , before the undersigned, a in and for , personally appeared the within named , the President, and , the Secretary of the , the Corporation mentioned in and which executed the foregoing Power of Attorney, and acknowledged that they executed the same by the authority and on behalf of said pursuant to a resolution of the Board of of said corporation, duly adopted on the day of , 190 ; and , the Secretary of said , further acknowledged that the Corporate Seal hereinbefore attached and impressed herein is the Corporate Seal of said Corporation and was affixed thereto by him.

In Testimony Whereof, I have hereunto set my hand and seal this day of , 190 .

_____

[L. S.]

CORPORATION ACKNOWLEDGMENT.

State of } ss.
County of }

On this day of , A. D. 19 , before me, the undersigned, (name and title of officer), in and for the city (or County) of , personally came A. B., to me personally known to be the President (or other officer) of the (name of Corporation), who, being duly sworn, did depose and say that the seal affixed to the foregoing instrument as the seal of the said (name of Corporation) is the common or corporate seal of the said Corporation; that the said seal was affixed in his presence by order of the board of directors of the said Corporation, and that the said instrument was duly sealed and delivered as and for the act and deed of the said Corporation; and that he, as said President (or other officer) of the said Corporation, and by its order, acknowledged that he executed the same, for the purposes therein expressed.

Sworn to me and subscribed the day and year aforesaid.

Witness my hand and seal, this day of , A. D. 19 .

PENNSYLVANIA.

TO THE SECRETARY OF THE COMMONWEALTH OF PENNSYLVANIA:

Sir: In pursuance of the Act of Assembly of Pennsylvania, approved April 22, 1874, entitled "An Act to prohibit foreign corporations from doing business in Pennsylvania, without having known places of business and authorized agents."

I, , President or Secretary of , a Foreign Corporation or Company, do hereby certify:

That the title of said Corporation or Company is . (Must be full, correct corporate or company title.)

That it is incorporated or formed under the laws of the State of , with the principal office at .

The object of said Corporation or Company is .

The office of said Corporation or Company in the Commonwealth of Pennsylvania has been established at No. Street, in the County of in said Commonwealth.

The name of its duly authorized agent to transact its business at said office is . (Write name plainly.)

In Testimony Whereof, I have hereunto set my hand and caused the seal of said company to be affixed, this day of , A. D. 190 .

, *President or Secretary.*

(CORPORATE SEAL.)

(The fee for filing this statement is $10.75.)

REGISTRY OF FOREIGN COMPANIES.

(Excepting Foreign Ins. Co's.)

COMMONWEALTH OF PENNSYLVANIA.

Office of the Company, 190 .

TO THE AUDITOR GENERAL OF PENNSYLVANIA:

Sir: In addition to the requirements of the Act of May 8, 1901, relating to Foreign Corporations, Limited Partnerships, and Joint-Stock Associations, and in pursuance to an Act approved June 1, 1889, and the several supplements thereto, the said Company Certifies, for Registration in your Department, the following information, viz.:

1. The name or title of the Company is .
2. That it was incorporated or organized , 190 , under the Laws of the State of .
3. That its principal office is located at .
4. That its office in Pennsylvania is located at , and the duly authorized agent to transact business at said office is .
5. That the object and business of the Company is .
6. That its authorized Capital Stock is $. Paid in Capital $.
7. That the names and addresses of its officers are as follows:

President (or Chairman).	Secretary.	Treasurer or Cashier.
Address.	Address.	Address.

In Witness Whereof, the seal of the Company is hereto affixed, attested by the signature of its President (or chairman) and Secretary or Treasurer.

, *President (or Chairman).*

, *Secretary or Treasurer.*

(SEAL OF COMPANY.)

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

Be it remembered that on this day of , A. D. 19 , before me (name and title), personally came C. D, who being duly sworn (or affirmed), according to law, doth depose and say that he was personally present and did see the common or corporate seal of the above named (name of Corporation) affixed to the foregoing indenture; that the seal so affixed is the common or corporate seal of the said (name of Corporation), and was so affixed by the authority of the said

Corporation as the act and deed thereof; that the above named A. B. is the President of the said Corporation, and did sign the said indenture as such in the presence of this deponent; that this deponent is the Secretary of the said Corporation, and that the name of this deponent, above signed in attestation of the due execution of the said indenture, is of this deponent's own proper handwriting. (Signature of Secretary.)

Sworn to and subscribed before me.

PHILIPPINES.

CHIEF OF THE DIVISION OF ARCHIVES, PATENTS, COPYRIGHTS, AND TRADE MARKS OF THE EXECUTIVE BUREAU.

I, , managing agent of the Company, a Corporation organized and executed under the laws of the State of , U. S. A., hereby make application in behalf of said Company for a license to transact business as a foreign Corporation within the Philippine Islands, in pursuant thereto hereby declared.

1. The corporate name of said corporation is , and the purpose for which it is organized is as follows: .

2. Location of principal home office is .

3. Capital stock of the corporation of the amount thereon actually subscribed and paid into the treasury on the (here insert day, month, and year) is as follows: .

4. Net assets of corporation over and above debts, liabilities, obligations, and claims outstanding and against it on the (here insert day, month, and year) are as follows: .

5. , residing in the city of , in the Philippine Islands is hereby designated and authorized to accept service of summons in process in all legal proceeding against said Company and of all notices affecting Corporation.

, *Managing Agent* of Company.

City or municipality of)
Province of) ss.
Philippine Islands)

(ACKNOWLEDGMENT.)

PORTO RICO.

NOTE. — Use general forms numbered 1 to 10, *ante*.

RHODE ISLAND.

APPOINTMENT OF AGENT.

KNOW ALL MEN BY THESE PRESENTS: That the , a Corporation created by and duly organized under the laws of the State of , and located in the of , in the State of aforesaid, hereby constitutes and appoints , of the of , in the State of Rhode Island and Providence Plantations, to be its true and lawful attorney, to accept and acknowledge service of all process, whether mesne or final, for and in behalf of said Corporation, in any action or proceeding against said Corporation, which may be brought in any court in the State of Rhode Island and Providence Plantations, including the process of garnishment, and it is hereby admitted and agreed that such service of process aforesaid shall be taken and held to be as valid and sufficient in that behalf as if served upon said Corporation according to the laws of the State of Rhode Island, and all claim or right of error by reason of such service is hereby expressly waived and relinquished. This appointment is to continue in force for the period of time and in the manner provided by Chapter 29 of the Court and Practice Act, and until another attorney shall be substituted and appointed.

In Testimony Whereof, the Corporation aforesaid has caused its name to be hereto subscribed and its corporate seal to be affixed by its for that purpose duly authorized this day of , 190 .

(CORPORATE SEAL.)

State }
County of }

In the of , on this day of , 190 , before me personally appeared the above named , who is known to me to be the of the Corporation above named, and described in and who executed the foregoing instrument, who, being by me duly sworn, did depose and say that he is of the above named, and that he knows the corporate seal thereof; that the seal affixed to the foregoing instrument is the corporate seal of said Corporation and was affixed thereto by order of the Board of Directors of said Corporation, and that he has subscribed the name of said Corporation thereto by the like order, as of said Corporation.

Subscribed and sworn to before me this day of , 190 .

, *Notary Public.*

(NOTARIAL SEAL.)

State of Rhode Island, }
Providence, sc. }

I, of the of , in said State, do hereby consent to and accept the foregoing designation this , day of , 190 .

State of Rhode Island, }
Providence, sc. }

In the of this day of , 190 , personally appeared before me the above named , who is known to me to be the person described in and who executed the foregoing consent and acceptance and acknowledged that he executed the same for the purposes therein mentioned.

Before me,

, *Notary Public.*

(NOTARIAL SEAL.)

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

Be it remembered that on this day of , A. D. 19 , before me (name and title of officer), personally appeared A. B., the President (or Treasurer) of the (name of Corporation), and acknowledged the foregoing instrument, by him signed, to be the free and voluntary act of (name of Corporation).

In Witness Whereof, I have set my hand and seal at , the day and year aforesaid.

SOUTH CAROLINA.

DECLARATION.

SECRETARY OF STATE, COLUMBIA, S. C.

SIR:—I hereby give notice that the principal place of business for the (name of Corporation)—a Corporation organized and executed under the laws of the State of is located at in the city of , State of South Carolina, and that , residing at , in the city of , State of South Carolina, is our agent thereat upon whom process may be served in any suit that may be brought against the said Company within the State of South Carolina. Done at this day of 19 .

, *President* of Company.

(CORPORATE SEAL.)

PROOF BY SUBSCRIBING WITNESS OF CORPORATION DEED.

State of }
County of } ss.

Before me (name and title of officer), personally appeared C. D., who being duly sworn, says that he saw the seal of the (name of Corporation), a body corporate, affixed to this deed, and that the same was then duly executed and delivered, and that he, with E. F., witnessed the execution thereof.

(Signature of witness C. D.)

Sworn to this day of , A. D. 19 .

SOUTH DAKOTA.

APPOINTMENT OF RESIDENT AGENT.

FOR _____

To all to Whom these Presents may Come, Greeting:

This Certifies, That , a Corporation duly organized and incorporated under the laws of the State of , has by its board of directors appointed and does hereby appoint , residing at , in the County of and State of South Dakota, its agent resident in said State, for the purposes hereinafter named, only, and he is hereby duly authorized to accept service of process, and upon whom service of process may be made in any action in which said Corporation may be a party, and service upon him shall be taken and held as due and personal service upon said Corporation.

In Witness Whereof, the said Corporation, by its board of directors, has caused this appointment to be signed by its , and its corporate seal to be affixed thereto this day of , A. D. 190 .

By _____

State of }
County of } ss.

On this day of , 190 , before me a Notary Public in and for said county and State, personally appeared known to me to be the of the Corporation that is described in and that executed the within instruments, and acknowledged to me that such Corporation executed the same for the purposes herein expressed.

Witness my hand and the seal of my office this day of , A. D. 190 .

, *Notary Public.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

On this day of , in the year 19 , before me (name and title of officer), personally appeared , known to me (or proved to me on the oath of) to be the President (or Secretary) of the corporation that is described in and that executed the within instrument, and acknowledged to me that such Corporation executed the same.

TENNESSEE.

Note. — Use general forms numbered 1 to 10 inclusive, *ante*.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

Be it remembered that on this day , A. D. 19 , personally appeared before me (name and title of officer in full) of said city (or county), the within named bargainor (name of Corporation) by its President (or other officer, naming him), with whom I am personally acquainted, who by virtue of the authority vested in him by the board of directors of said Corporation, acknowledged that he executed the within instrument for the purposes therein contained.

Witness the signature of said Corporation by its President (or other officer), and the seal of the corporation thereto affixed by order of said board of directors. (Name of the Corporation by A. B., its President.)

(Signature and title of officer.)

TEXAS.

THE STATE OF TEXAS.

Department of State.

I, , Secretary of State of the State of Texas, do hereby certify, that a certified copy of Articles of Incorporation of incorporated under the laws of the State of with an authorized capital stock of $, was filed in this department on the day of , 190 , in accordance with the requirements of the laws of the State of Texas; and I further certify that said Corporation, having paid the full amount of fees and taxes prescribed by the laws of this State, and having complied fully with the law in all respects, is entitled to, and is hereby granted permission to do business in the State of Texas, to the extent and for the purposes as follows, to wit: for a term of ten (fiscal) years ending May first, 19 .

Witness my official signature, and the seal of the State of Texas affixed, at the City of Austin, this the day of A. D. 1907.

, *Secretary of State.*

APPLICATION FOR PERMIT TO DO BUSINESS IN THE STATE OF TEXAS.

, duly incorporated under the laws of , hereby makes application for permit to do business in the State of Texas.

1. The name of said Corporation is .

2.[1] The permit it desires is for the business , which said business it is permitted to do in the State of , being the State where it is incorporated, under the laws of said State, and which business it is now actually engaged in in said State.

3. The home office of said Company is at and its business in Texas is to be transacted . Name and address of agent in Texas , and its principal place of business and principal office in[2] the State of Texas is at .

4. The number of directors is and the names and residences of its present directors are

_____	residence	_____
_____	"	_____
_____	"	_____
_____	"	_____

5. The authorized capital stock of said Company, subscribed or unsubscribed, is , divided into shares of each.

[1] Purposes must be limited as expressed in some one subdivision Art. 642, and also authorized by articles of incorporation.

[2] If incorporated in a foreign country and has no principal office in Texas, then give the principal place of business and principal office in the United States.

This application is accompanied by a copy of the original articles of incorporation, together with all amendments thereto, of said Company, certified to under the hand and seal of , the keeper of the records of articles of incorporation in the said State of .

(Must be signed officially by President and Secretary or Board of Directors.)

State of }
County of }

Personally before me the undersigned authority on this day appeared and known to me to be the persons whose names are subscribed to the foregoing instrument, who each for himself acknowledged to me that he executed the same for the purpose and considerations therein expressed, and in the capacity therein stated. And the said being further duly sworn on oath says, that the capital stock of said Company subscribed or unsubscribed is and no more, and that [50% of the same has been subscribed and 10% paid in. / one hundred thousand dollars has been paid in.] [1]

Witness my hand and official seal , this day of , A. D. 190 .

(SEAL.)

State of
The County of .

Before me, the undersigned authority, duly empowered to take acknowledgments and administer oaths in said State and County, on this day personally appeared , known to me, and who having been duly sworn on oath say: That they are respectively (here insert office held by each) of the Company, a Corporation duly and legally incorporated under and by virtue of the laws of the State of .

That said Corporation is not a trust or organization in restraint of trade in the violation of the laws of the State of Texas, has not, within twelve months next preceding the date hereof, become or been a party to any trust agreement of any kind or character whatsoever which would constitute a violation of any anti-trust law of the State of Texas existing at this date, and has not, within that time, entered into or been in anywise a party to any combination in restraint of trade within the United States of America, and that no officer of this corporation has, within the knowledge of affiant, within twelve months next preceding the date hereof, made, on behalf of such Corporation or for its benefit, any such contract or entered into or become a party to any such combination in restraint of trade.

Sworn to and subscribed before me, this the day of , A. D., 1907, at .

, *Notary Public.*

[1] Erase clause if not applicable.

CORPORATION ACKNOWLEDGMENT.

The instrument should end as follows: (Signature) A. B., President, &c.

(CORPORATE SEAL.)

State of }
County of } ss.

Before me (name and character of officer), personally came the (name of Corporation), by its President, A. B., known to me (or proved to me on oath of C. D.), to be the person whose name is subscribed to the foregoing instrument as President, etc., and who acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this day of , A. D. 19 .

UTAH.

APPOINTMENT OF AGENT, ETC.

Whereas, was duly incorporated under the laws of on the day of , A. D. 190 , and

Whereas, the said Corporation is now doing business, or is desirous of doing business within the State of Utah;

Now therefore, be it resolved, by the Board of Directors of the said corporation, that the provisions of the Constitution of the State of Utah are hereby accepted as binding upon said Corporation, and

Be it further resolved, that , residing in the County of in the State of Utah that being the county in which the principal place of business of this Corporation is now, or is about to be situated, be and he is hereby appointed the Attorney or Agent of said Corporation upon whom process issued by authority of or under any law of the State may be served.

We, , President and , Secretary of said Corporation do hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of said corporation, on the day of A. D. 190 .

In Witness Whereof, we have subscribed our names and affixed the corporate seal of said Corporation this day of , A. D. 190 .

, *President.*
, *Secretary.*

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

On this day of , A. D. 19 , before me (name and title of officer), in and for the said city (or County) of , personally appeared A. B., known to me to be the President of the (name of Corporation), the Corporation that executed the within instrument, and acknowledged to me that such Corporation executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

In Witness Whereof, I have hereunto set my hand and affixed my official seal, at my office, in the city (or County) of , the day and year in this certificate first above written. (Signature and title of officer.)

VIRGINIA.

POWER OF ATTORNEY.

FOR APPOINTMENT OF AGENT BY A FOREIGN CORPORATION, DOING BUSINESS IN VIRGINIA, UNDER SECTION 1104, CODE OF 1887, AS AMENDED.

KNOW ALL MEN BY THESE PRESENTS: That the , a Corporation organized and existing under the laws of the State of , having established an office in the State of Virginia, the same to be located at , in the said State, and desiring to transact business in the State of Virginia in conformity with the laws thereof, hereby constitutes and appoints, with his consent and acceptance first obtained, , resident of Virginia, residing at , Virginia, to be the true and lawful agent and attorney of said Corporation in and for the said Commonwealth of Virginia pursuant to the provisions section 1104 of the Code of Virginia, as amended, upon whom all legal process against said Company may be served, and who is hereby authorized to enter an appearance in its behalf in any actions and proceedings; and the said Corporation hereby stipulates and agrees that any lawful process against the said Corporation

which is duly served on said agent and attorney shall be of the same legal force and validity as if served on said corporation.

In Witness Whereof, the said has executed this power of attorney in duplicate by causing its name to be hereunto affixed by , its President, with its corporate seal attested by , its Secretary. All done this day of , 190 .

By , *President.*

Affix corporate seal here.

Attest: , *Secretary.*

State of .
City (or County) of .

I, , a Notary Public in and for the State and city or county aforesaid, hereby certify that , and whose names, respectively, as President and Secretary of the Company, are signed to the foregoing power of attorney, have acknowledged the same before me in my city or county aforesaid.

Given under my hand and official seal this day of , 190 .

, *Notary Public.*

Affix corporate seal here.

CORPORATION ACKNOWLEDGMENT.

State of } ss.
County }

I (name and title of officer) in the State of , do certify that A. B., whose name is signed to the writing above, bearing date the day of , A. D. 19 , has acknowledged the same before me in my city aforesaid, and I, the said (name and title of officer), do hereby certify that the said A. B., President of (name of Corporation), of the city of , has this day acknowledged before me, in my city aforesaid, that the seal attached to the said writing is the corporate seal of the said Corporation, and that the said writing is the act and deed of the said Corporation.

Given under my hand, the day of , A. D. 19 .

VERMONT.

Returns by the Company, for the purpose of registration in the State of Vermont,

The Company, a Corporation created and existing under and by virtue of the laws of , and having its principal office or place of business at No. Street, in the of in the County of and State of hereby represents that upon the issuance to it by the Secretary of State of the proper certificate authorizing it to do business in the State of Vermont, it proposes to therein engage in the business of .

Pursuant to the provisions of the statute in such case made and provided, said Corporation herewith files a copy in the English language of its charter or articles of association which is hereby referred to and made a part hereof; and hereby represents that its principal office in the State of Vermont is to be located at in the County of

Said Corporation hereby designates and appoints , a resident of in the County of and State of Vermont, whose office or place of business shall be located at said , as a person upon whom process against said Corporation may be served within the State of Vermont, and to whom all notices relating to corporate taxation under the provisions of the laws of Vermont, shall be delivered.

In Witness Whereof, at in the County of and State of , A. D. 19 , said corporation doth hereunto cause its corporate name to be subscribed and its corporate seal to be affixed by , its , who is by said Corporation duly authorized so to do.

Affix corporate seal

By

I, , of , in the County of and State of , on oath depose and say that the foregoing is a true and examined copy of the[1] with all the amendments and additions thereto, under which the said Company is organized and now operating.

State of } ss.
County of }

At in said County, on this day of , A. D. 19 , personally appeared and made oath in due form of law that the foregoing affidavit by him subscribed is true.

Before me,

Retain one copy of this statement: forward one to the Secretary of State, and one to the Commissioner of State Taxes.

The required fee of two dollars payable to the Secretary of State, and a like sum payable to the Commissioner of State Taxes must accompany this statement.

[1] Insert here the words "charter" or "articles of association."

CORPORATION ACKNOWLEDGMENT.

State of } ss.
County }

At this day of , 19 , personally appeared , who has executed the foregoing written instrument as the duly authorized agent of and acknowledged the same to be the free act and deed of said Corporation, and that he, as such agent, freely executed the same.

Before me, (Signature and title.)

Proof by Subscribing Witness:

WASHINGTON.

POWER OF ATTORNEY.

KNOW ALL MEN BY THESE PRESENTS: That , of , having been admitted, or having applied for admission, to transact business in the State of Washington, in conformity with the laws thereof, does hereby make, constitute, and appoint to reside at the city of , County of , the principal place of business of said Corporation in the State of Washington, its true and lawful attorney, in and for the State of Washington, on whom all process of law against said may be served in any action or special proceeding against the said in the State of Washington, subject to and in accordance with all the provisions of the statutes and laws of said State of Washington now in force, and such other acts as may be hereafter passed amendatory thereof and supplementary thereto. And the attorney is hereby duly authorized and empowered, as the agent of said , to receive and accept service of process in all cases provided

for by the laws of the State of Washington, and such service shall be deemed valid personal service upon said . This appointment is to continue in force for the period of time and in the manner provided by the statutes of the State of Washington, and until another attorney shall be duly and regularly substituted.

In Witness Whereof, the said , in accordance with a resolution of its Board of Directors, duly passed on the day of , A. D. 190 , has to these presents affixed its corporate seal and caused the same to be subscribed and attested by its President and Secretary at , in the State of , on the day of , 190 .

, *President.*
, *Secretary.*

State of } ss.
County of }

On this day of , A. D. 190 , before me, the undersigned, a for the duly and qualified to take the proof and acknowledgments of deeds and other instruments, came , President, and , Secretary of , to me personally known to be the persons described in and who executed the foregoing instrument; and that they each duly acknowledged the execution thereof; and being by me each duly sworn, severally saith that they are the said officers of the aforesaid, and that the seal affixed to the foregoing instrument is the corporate seal of said , and that the said corporate seal, and their signatures as such officers, were duly affixed and subscribed to the said instrument by the authority and direction of said Corporation, and for the uses and purposes therein mentioned.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal, at , the day and year first above written.

WEST VIRGINIA.

FOREIGN CORPORATIONS.

In order to do business in West Virginia, a foreign Corporation must take the following steps:

1. File a certified copy of its charter, or of its articles of association, with the Secretary of State of West Virginia. This copy may be certified as correct by the Secretary of State or other officer who issued the original, of the State by which the Corporation was incorporated; or it may be certified by the President of the Corporation, under his hand and the seal of the Corporation, and attested by the Secretary of the Corporation; and such certificate may be in this form:

I, , President of the Company, a corporation created and organized under the laws of the State of , do hereby certify to the Secretary of State of the State of West Virginia, that the foregoing and annexed is a full, true, and correct statement of the certificate of incorporation or articles of association, as the case may be, with all amendments and additions thereto, of the said corporation.

Given under my hand and the seal of said corporation, this day of .

(SEAL.) , *President of* *Company.*
Correct — Attest; , *Secretary of* *Company.*

2. A copy of the charter, or of the articles of association, certified as aforesaid, must also be filed and recorded in the office of the clerk of the county court of the county, or one of the counties of West Virginia in which the Corporation conducts business. The proper county in which to file and record this copy would seem to be that county in which the Corporation may have a branch office in this State, or in which it makes its headquarters in this State, or in some county in which it does, or will do business.

It will be seen that two certified copies of the charter, or of the articles of asso-

ciation, are required: one to file in the Secretary of State's office, and one to file and record in the county clerk's office.

3. The Corporation must also file in the Secretary of State's office a writing of acceptance of section 30 of chapter 54 of the Code of West Virginia before he is authorized to issue his certificate. Such certificate of acceptance may be in this form:

I, , President of the Company, a Corporation created and organized under the laws of the State of West Virginia that at a meeting of the board of directors (or other governing body of the Corporation) of said Corporation regularly held at the office of the Corporation on the day of , the following resolution was adopted:

Resolved, by the Board of Directors of the Company, a Corporation created and organized under the laws of the State of , That, whereas said Corporation desires authority to hold property and transact business in the State of West Virginia, the said Corporation hereby accepts the provisions of section 30 of the chapter 54 of the Code of West Virginia and agrees to be governed thereby.

Given under my hand and the seal of said Corporation this day of .

(SEAL.) , *President of* *Company.*

4. The Corporation must also file with the Secretary of State the preliminary report required in section 2, upon which to base the assessment of its initial license tax for the current license-tax year. The form of this report will be furnished on application to the Secretary of State. It must pay such tax to the Secretary of State before it can be admitted into the State.

5. The Corporation must also appoint an attorney of record, usually called "Statutory Attorney."

6. On receipt of the certified copy of charter, the certificate of acceptance of the law, and the preliminary report, the Secretary of State will issue a certificate of attorney to the Corporation, which will be the evidence of its compliance with the law and of its authority to hold the property and transact business in the State of West Virginia. This certificate of authority must be filed and recorded in the said county clerk's office of the county in which the certified copy of the charter is filed and recorded as referred to in section 1. As the Corporation must file and record in the county clerk's office the certificate of authority of the Secretary of State and as each corporation will doubtless want one also in its own possession it would seem that two such certificates of the Secretary of State would be needed. The costs of the proceedings in the Secretary of State's office are as follows:

For two certificates of authority	$10.00
For filing and recording the certificate of acceptance .	1.00
	$11.00

The other costs are: recording the copy of charter and the certificate of authority in the county clerk's office, $2.50 for charter, and $1.00 for the certificate, making $3.50.

(Two copies of this Report should be made at the time of making application to be authorized to do business in this State.)

APPLICATION AND PRELIMINARY REPORT.

OF THE

———— COMPANY,

TO

SECRETARY OF STATE OF WEST VIRGINIA

For the Current Year ending June 30, 190 .

The Company, a Corporation incorporated under the laws of the State of , on the day of , hereby applies to the Secretary of State of the State of West Virginia, under the provisions of Section 30 of Chapter

54 of the Code, for a certificate of authority to hold property and transact business in the State of West Virginia; and pursuant to the requirements of section 131 of Chapter 32 of the Code, as amended by the Acts of 1907, submits the following preliminary report.

The post-office address of its principal office is .

The name and post-office address of the President is .

Name and post-office address of the Secretary is .

The number of shares of its authorized capital stock is ; the par value of each share is $, the number of shares of such capital stock issued and outstanding is , amounting to $.

(1) The value of its property owned in the State of West Virginia is $, situated and composed of as follows:

(2) The value of its property it expects to have in the State of West Virginia during the license-tax year ending June 30, 190 , and where it will be situated and of what it will consist are as follows:

(3) The number of acres of land it holds in the State of West Virginia is acres.

(4) The value of its property owned and used outside of the State of West Virginia is $.

(5) The proportion of its capital stock which is represented by property owned in the State of West Virginia is per cent.

(6) The assessed value of its property located in the State of West Virginia is $ located and assessed as follows:

I, , do solemnly swear that the foregoing report is true to the best of my knowledge and belief.

Given under my hand and the corporate seal of said corporation this day of .

_____

(CORPORATE SEAL) _____

Subscribed and sworn to before me, a , in and for , this day of 190 , in my county aforesaid.

_____

(OFFICIAL SEAL) _____

License tax assessed for the year ending June 30, 190 , $.

License tax assessed for the year ending June 30, 190 , $.

, *Secretary.*

By , *Chief Clerk.*

NOTES. — If the property at (1) is the same as that at (6) the blank at (6) only need be filled up. At (2) state carefully value of property the corporation expects to have in the State, where it will be situated, and describe the kind of property.

REPORT BY FOREIGN CORPORATION.

(Fee for indorsing and filing above report is ONE DOLLAR, which must accompany report.)

TO THE SECRETARY OF STATE OF WEST VIRGINIA:

The Board of Directors of Company, in obedience to section 46 of Chapter 53 of the Code, hereby submit the following report:

The name of the President of such Corporation is , and his post-office address is , and he was elected on , 19 .

The name of the Secretary is , and his post-office address is , and he was elected on , 19 .

The post-office address of the principal office is: No. .

Given under our hands and the seal of said Corporation the day of , 19 .

The Board of Directors
of Co.

(SEAL.) *By

* Sign here by the President, Secretary, or other executive officer.

Filed in the Secretary of State's office , 190 .

Secretary of State.
By .

KNOW ALL MEN BY THESE PRESENTS: That , a foreign Corporation, incorporated and organized under the laws of the State of , and in conformity therewith, has made, constituted, and appointed and by these presents doth make, constitute, and appoint , residing at the City of in the State of West Virginia, for it and on its behalf, attorney in fact, to accept service of process and notice in said State for such Corporation, and said Corporation by these presents doth declare its consent that service of any process or notice in said State on said attorney in fact, or his acceptance thereof endorsed thereon, shall be equivalent for all purposes to, and shall be and constitute due and legal service upon said Corporation.

In Witness Whereof, The has signed these presents by its President and caused the corporate seal of said Corporation to be hereunto affixed this day of , 190 .

By , *President.*

(SEAL OF CORPORATION.)

The post-office address of this Corporation is:

No. Street.
City.
State.
Care of .

CORPORATION ACKNOWLEDGMENT.

State of }
County of } to-wit:

I, , a notary public in and for the county and State aforesaid, do certify that personally appeared before me in my said county, and being by me duly sworn, did depose and say, that he is the President of the Corporation described in writing above, bearing date the day of , 190 , authorized by said Corporation to execute and acknowledge deeds and other writings of said Corporation, and that the seal affixed to said writing is the corporate seal of said Corporation, and that said writing was signed and sealed by him, in behalf of said Corporation by its authority duly given. And the said acknowledged the said writing to be the act and deed of said Corporation.

Given under my hand and official seal this day of , 190 .

, *Notary Public.*

(NOTARY SEAL.)

WISCONSIN.

STATEMENT OF FOREIGN CORPORATIONS IN ACCORDANCE WITH THE PROVISIONS OF CHAPTER 506 OF THE LAWS OF WISCONSIN, FOR THE YEAR 1905.

State of }
County of } ss.

, being first duly sworn, on oath says that he is the of the , a Corporation organized under the laws of the State of .

1. That the name of such Corporation is , and the location of its principal office or place of business without the State of Wisconsin, is Street , in the County of State of ; that its principal office or place of business within the State of Wisconsin, is Street, County of .

2. That the names and addresses of the officers of such Corporation are as follows:

Office.	Name.	Address.

That the name and address of the agent or manager of such Corporation who shall represent such corporation in the State of Wisconsin is .

3. That the amount of capital stock paid in money, property, or services is $.

4. That the nature of the business to be transacted in the State of Wisconsin is as follows: .

5. That the proportion of the capital stock represented in the State of Wisconsin, by its property located or to be acquired therein and by its business to be transacted therein, is $.

6. That the said Corporation acting herein by this affiant, duly authorized thereunto, by these presents constitutes and appoints the Secretary of State and the Assistant Secretary of State of the State of Wisconsin, and their successors in office, its true and lawful attorneys upon whom all summons, notices, pleadings, and processes, in any action or proceeding against such Corporation, shall be served. And such Corporation hereby agrees that such service on the said attorneys shall be of the same legal force and effect and validity as if served on the Corporation, and that such appointment shall continue in force and effect as long as any liability remains outstanding against such Corporation in the State of Wisconsin.

7. That such Corporation was legally authorized to transact business in the State wherein incorporated , and is at the date hereof so authorized.

8. That such Corporation has not entered into any combination, conspiracy, trust, pool, agreement, or contract intended to restrain or prevent competition in the supply or price of any article or commodity in general use in the State of Wisconsin, or constituting a subject of trade or commerce therein, or which shall in any manner control the price of any such article or commodity, fix the price thereof, limit or fix the amount or quantity thereof to be manufactured, mined, produced, or sold in said State, or fix any standard or figure by which its price to the public shall be in any manner controlled or established.

9. That such Corporation will comply with all the laws of the State of Wisconsin, relating to foreign Corporations.

Dated , 190 .

Subscribed and sworn to before me this day of , 190 .

, *Notary Public.*

FORM OF ACKNOWLEDGMENT FOR A CORPORATION.

State of Wisconsin, } ss.
County. }

Personally came before me, this day of , 19 , A. B., the (title of officer) of the (name of Corporation), a Corporation, to me known to be the person who, as such officer, executed the foregoing (or within) instrument in the name of said Corporation and who affixed its corporate seal thereto, and acknowledged said instrument as the duly authorized act of said Corporation. (Add similar acknowledgment by countersigning officer, if any.)

(Insert designation of officer.)

WYOMING.

NOTE. — Use general forms numbered 1 to 10, *ante*.

CORPORATION ACKNOWLEDGMENT.

State of }
County of } ss.

Be it remembered that on this day of , A. D. 19 , before me (name and style of officer), duly commissioned and qualified at the city (or county) aforesaid, personally came the (name of Corporation), by its President, A. B., who is personally known to me (or proved to me on the oath of C. D.) to be the same person whose name is subscribed to the foregoing indenture of writing as President of the (name of Corporation), and who acknowledged the same to be the act and deed of the said Corporation, for the purposes therein mentioned.

In Witness Whereof, I do hereby set my hand and affix my official seal, the day and year last above written.

(Signature and title.)

FORMS FOR AMENDMENTS TO CHARTERS.

FORM OF RESOLUTION FOR STOCKHOLDERS' MEETING AUTHORIZING AMENDMENT OF CERTIFICATE OF INCORPORATION.

Resolved, That section of the certificate of incorporation of the Company, reading as follows (here insert original text from the clause of the certificate of which amendment is desired) be and the same hereby is amended to read as follows: (here insert clause as amended).

RESOLUTION DECREASING CAPITAL STOCK.

Resolved, that the authorized capital stock of Company be increased (or reduced) from shares of the par value of dollars each, to shares of the par value of dollars each, so that the authorized capital stock of said corporation shall hereafter be dollars instead of dollars as heretofore.

RESOLUTION TO AUTHORIZE THE HOLDING OF MORE THAN 100,000 ACRES OF LAND IN WEST VIRGINIA.

Resolved, that this corporation desires to hold not exceeding acres of land in West Virginia, which is acres in excess of the number it is now authorized to hold in said State.

RESOLUTION FOR CHANGE OF NAME.

Be it Resolved, That the Board of Directors of the Company, at a meeting duly convened at the office of said Company in the City of , State of , this day of , 190 , deem it desirable that the corporate name of said Company should be changed from that of Company, to the name of Company; and

Be it further Resolved, by the said Board of Directors that a meeting of the stockholders of this Company be duly called and convened at the office of the Company in the City of State of , on the day of 190 , for the purpose of voting upon a resolution that will then be formally presented to them by the President of this Company for and in behalf of its Board of Directors, providing for changing the name of the said Company to that of the Company.

RESOLUTION DIVIDING STOCK INTO COMMON AND PREFERRED.

Whereas, The stockholders of the Company have heretofore duly authorized an increase in the capital stock of said Company from dollars, the present amount, consisting of shares of the par value of dollars, to the sum of dollars, to consist of shares of the par value of dollars each; and

Whereas, It appears desirable that the capital stock of this Company shall be divided into two classes, known respectively as common and preferred; Now, therefore, be it

Resolved, That the capital stock of this Company, amounting to dollars, be classified into common and preferred stock, of which amount dollars thereof, consisting of shares of the par value of dollars

each, shall be common stock, and dollars thereof, consisting of shares of the par value of dollars, shall be preferred stock; and be it further

Resolved, That said preferred stock shall be entitled to preferences and priority over the common stock in the manner hereinafter set forth, to-wit: (here state preferences); and be it further

Resolved, That the proper officers of this company be and they are hereby authorized and directed to execute and file proper certificates relative to the aforesaid classification of the capital stock of this Company into common and preferred shares, in such offices as the statutes of the State of may require, and to do all acts and things that may be necessary to comply with the statutes of the State of , applicable to and regulating the issuance of preferred and common stock.

RESOLUTION BY DIRECTORS DIRECTING THE CALLING OF A MEETING OF STOCKHOLDERS TO VOTE UPON A PROPOSED AMENDMENT TO CHARTER.

Be it Resolved, By the Board of Directors of the Company at a meeting duly convened at the office of the Company in the City of , State of , that it is desirable that the certificate of incorporation (or charter or articles of incorporation or association, as the case may be) should be amended in the following respects, to-wit: (here insert nature of proposed amendments).

Now, therefore, be it Resolved, by said Board of Directors that a meeting of the stockholders of this Company be duly called and convened at the office of the Company in the City of , State of , on the day of , 190 , for the purpose of voting upon a resolution that will then be formally presented to them by the President of this Company for and in behalf of its Board of Directors, providing for amending the certificate of incorporation (charter, articles of incorporation or association, as the case may be) in the following respects, to-wit:

(Here insert proposed amendments in full.)

NOTICE OF MEETING TO AMEND PURPOSES.

To the Stockholders of the Company.

Notice is Hereby Given, that a special meeting of the stockholders of the Company will be held at the office of the Company in the City of , State of , on the day of , 190 , at o'clock in the noon, for the purpose of amending the certificate of incorporation of said Company so as to include therein certain purposes in addition to those now set forth in the said certificate of incorporation of said Company.

, *President.*
, *Secretary.*

NOTICE OF MEETING TO AUTHORIZE ISSUANCE OF PREFERRED STOCK.

New York, December , 190 .

A special meeting of the stockholders of , a corporation, will be held on the day of December, 190 , at twelve o'clock noon, at the office of such corporation, at Nos. Street, Borough of , City of , for the purpose of voting upon a proposition to increase the capital stock of said corporation from five hundred thousand dollars, consisting of five thousand shares of the par value of one hundred dollars each, of which twenty-five hundred shares is preferred stock and twenty-five hundred shares is common stock, to six hundred thousand dollars, to consist of six thousand shares of the par value of one hundred dollars each, of which twenty-five hundred shares shall be preferred stock and thirty-five hundred shares shall be common stock; the rights attached to the two classes of stock to be as stated in the certificate of incorporation of such corpora-

tion, to wit: — the preferred stock shall be entitled to the following preferences and dividends, viz., in case of a dissolution of the corporation, the preferred stockholders shall be paid par in full for their stock before any dividend is paid upon the common stock; the preferred stockholders shall also be entitled to a dividend of per cent per annum, each year, before any dividend is declared upon the common stock, the preferences to be determined by the earnings of each year, and if in any year the earnings are not sufficient to pay such dividend upon the preferred stock, then the same shall be made up out of the earnings of the subsequent years before any dividend shall be declared upon the common stock; the common stock shall be entitled to all dividends and earnings after the dividends on the preferred stock are paid.

, *President.*
, *Secretary.*

Majority of Board of Directors.

NOTICE OF SPECIAL STOCKHOLDERS' MEETING TO VOTE UPON THE ISSUANCE OF PREFERRED STOCK.

Notice is Hereby Given, that a special meeting of the stockholders of the Company will be held at the office of the Company in the City of , State of , on the day of 190 , at o'clock in the noon, for the purpose of acting upon a proposition to classify into common and preferred stock the authorized capital stock of said company amounting to dollars, so that dollars thereof, consisting of shares of the par value of dollars, shall be common stock, and dollars thereof, consisting of shares of the par value of dollars each, shall be preferred stock, such preferred stock to be entitled to preference and priority over the common stock as follows, to wit: (here state preferences).

, *Secretary.*

PROOF OF SERVICE OF NOTICE OF STOCKHOLDERS' MEETING.

State of }
County of } ss.

A. B., who is upwards of twenty-one years of age, being duly sworn, says, that on the day of , 190 , he duly served a notice in writing in behalf of said Company and by direction of the Secretary thereof (a true copy of said notice being hereto annexed and hereby made a part of this affidavit) upon the following persons, constituting all the stockholders of the Company, namely: (here insert names of persons served) by mailing each of them a copy of said notice at the postoffice in the city of enclosed in a sealed envelope and directed to each stockholder at his last known post-office address, prepaying the proper postage on each of said envelopes so mailed.

Subscribed and sworn to before me this day of , 190 .

NOTICE OF MEETING TO INCREASE (OR REDUCE) PAR VALUE OF SHARES.

To the Stockholders of Company.

A special meeting of the stockholders of the Company will be held at the office of the Company in the City of , State of , on the day of , 190 , at o'clock in the noon for the purpose of voting upon a proposition to increase (or reduce) the number of shares into which the capital stock of the Company shall be divided, without increasing (or

reducing) the amount of said capital stock, so that hereafter said capital stock shall be divided into shares of the par value of dollars.

, *President.*

Attest: , *Secretary.*

RESOLUTION INCREASING (OR REDUCING) PAR VALUE OF SHARES.

Resolved, That the number of shares of the capital stock into which the capital stock of the Company is divided be increased (or reduced) from the present number, to wit, shares of the par value of dollars each, to the following number, to wit, shares of the par value dollars each.

FORM OF CERTIFICATE RELATIVE TO AMENDMENT.

I, , President of the Company, a corporation created and organized under the laws of the State of , do hereby certify to the Secretary of State of the State of , that at a meeting of the stockholders of said corporation, regularly held in accordance with the requirements of the laws of said State, at the office of said corporation in the City of , State of , on the day of , 190 , at which meeting (here state what proportion of the stock was represented), of the stock of said company was represented by the holders thereof in person or by proxy, and voted for the following resolution, and that the same was duly, regularly adopted and passed, to wit: (here state the resolution adopted).

Given under my hand and the seal of this corporation.

, *President* of the Company.

(SEAL.)

CERTIFICATE CORRECTING DEFECTS IN ORIGINAL CERTIFICATE.

We, the undersigned, incorporators of the Company, for the purpose of correcting an informality in the original certificate of incorporation of said Company, consisting of (here insert nature of defect), do hereby make and file this amended certificate pursuant to the statutes of the State of in such case made and provided, and for such purpose do certify and declare as follows: (here insert such parts of the original certificate as are to be amended, together with the desired correction therein).

In Witness Whereof, we have made and filed this amended certificate in duplicate, and have hereunto subscribed our names. Dated .

(Signatures of incorporators).

State of }
County of } ss.

On this day of , 190 , before me personally came (here insert names), known to me to be the individuals described in, and who executed the foregoing amended certificate and they severally acknowledged to me that they executed the same for the uses and purposes therein mentioned.

, *Notary Public.*

CERTIFICATE OF AMENDMENT BEFORE PAYMENT OF CAPITAL STOCK.

The undersigned, being all of the incorporators of the Company, a corporation organized and existing under the laws of the State of , the certificate of incorporation of which was duly recorded in (here insert offices wherein certificate was filed, together with date of filing therein), no part of the capital stock of said corporation having been paid in, do hereby, pursuant to the provisions of the statutes of said State of in such case made and provided, annul

said certificate of incorporation so that the same shall read as follows (here insert in full the certificate of incorporation in its amended form).

In Witness Whereof, we have hereunto set our hands and seals.

Dated

_____

_____

_____

State of }
County of } ss.

Be it Remembered, that on this day of 190 , before me, a Notary Public in and for said County and State, personally appeared , , and , who I am satisfied are the persons named in and who executed the foregoing certificate, and I having first made known to them the contents thereof, they did each acknowledge that they signed, sealed, and delivered the same as their voluntary act and deed.

, *Notary Public.*

State of }
County of } ss

On this day of 190 , before the undersigned, personally appeared , and who being by me duly sworn, did severally depose and say that they are all of the original incorporators of the Company as set forth in the foregoing certificate, and that no part of the capital stock of said Company has been paid in.

_____

_____

_____

Subscribed and sworn to before me this day of 190 .

_____

CERTIFICATE TO INCREASE OR DECREASE NUMBER OF DIRECTORS.

We, the undersigned, being respectively the President and Secretary of the Company, hereby certify that the following is a correct transcript of the minutes of the proceedings had at a meeting of the stockholders of the Company, held pursuant to law at the office of said Company in the City of , State of , on the day of , to wit:

"A special meeting of the stockholders of the Company was held this day at the office of the Company in the City of , State of , at o'clock in the noon, for the purpose of voting upon a resolution to increase (or reduce) the number of directors of said Company. Said meeting was held at the office of the Company on the date and at the place aforesaid on days' notice in writing to each stockholder of record in the corporation as required by the by-laws of said Company. Notice thereof was served by mail, postage prepaid, directed to each stockholder at his last known post-office address. Pursuant to said notice the meeting was held at the hour and at the place mentioned above, and stockholders owning more than a majority of the stock of the corporation were present thereat either in person or by lawful proxy given in their behalf. At said meeting the undersigned acted as President thereof, and the undersigned as Secretary. The notice of the meeting and proof of the due service thereof were read and ordered filed with the Secretary of the Company. At said meeting on motion duly made and seconded the following resolution was offered for adoption.

Resolved, that the number of directors of the Company be increased (or reduced) from , the present number, to . Thereupon a vote was duly had upon said resolution, and upon a canvass of the votes cast it was found that stockholders owning shares of the stock of the corporation, and constituting more than (here state proportion of stock) of the stock thereof voted in favor of said resolution, and that no stockholder voted against its adoption. Said resolution was thereupon declared adopted and the meeting adjourned.

In Witness Whereof, We have made signed, verified this certificate in duplicate this day of 190 .

, *President.*
, *Secretary.*

State of }
County of } ss.

A. B. and T. U., being severally duly sworn, depose and say, and each for himself deposes and says that he, the said A. B. was the President, and that he, the said T. U., was Secretary of the meeting of stockholders of the Company held to determine whether the number of directors thereof should be increased (or reduced), and that the foregoing is a correct transcript of the proceedings of said meeting entered in the minutes of the corporation.

, *President.*
(Jurat.) , *Secretary.*

CERTIFICATE OF AMENDMENT OF PURPOSES.

We, the undersigned, , as President, and , as Secretary, of the Company, a Corporation organized and existing under the laws of the State of , desiring to amend its certificate of incorporation so as to include therein other purposes than those set forth in section of the original certificate of incorporation of said Company, do, pursuant to the statutes of the State of in such case made and provided, hereby make and file this amended certificate for said purpose, and do hereby certify as follows:

That section of the original certificate of incorporation of said Company now reading as follows (here insert original text of clause in original certificate) be changed and amended so that the same shall hereafter read as follows (here insert amended clause of original certificate).

That the aforesaid amendment has been duly authorized by a vote of a majority of the directors and also by a vote of the stockholders representing at least (here insert proportion) of the capital stock of said Corporation at a meeting of the stockholders called for the purpose, according to the statutes of the State of in such case made and provided, as more fully appears in a copy of the proceedings of said meeting verified by the affidavit of the secretary of said meeting annexed hereto and herewith filed with this amended certificate.

In Witness Whereof, we have made and executed this certificate in duplicate and have hereunto set our hands this day of , 190 .

, *President.*
, *Secretary.*

State of }
County of } ss.

A. B., being duly sworn, says that he is the duly appointed and acting secretary of the meeting of stockholders of the Company. That he was present at said special meeting of stockholders held at the office of the Company in the City of , State of , on the day of , 190 , at o'clock of said day, and that the foregoing is a true copy of the proceedings of said special meeting and of the whole thereof.

CERTIFICATE TO INCREASE OR REDUCE CAPITAL STOCK

Notice of Meeting.

A special meeting of the stockholders of the Company will be held at the office of the Company in the City of , State of , on the day of , 190 , at o'clock in the noon for the purpose of voting upon a proposition to increase (or reduce) the capital stock of said Company from , its present capital stock, consisting of shares of the par value of dollars each, to (here insert amount of proposed increased or reduced capital stock) dollars to consist of shares of the par value of dollars each.

, *President.*
, *Secretary.*

CERTIFICATE.

We, the undersigned, , as chairman, and , as secretary, of a special meeting of the stockholders of Company, a Corporation organized and existing under the laws of the State of , duly convened and held for the purpose of increasing (or reducing) the capital stock of said Company, do hereby certify, that prior to said meeting a notice, stating the time, place, and object thereof, signed by the President and the Secretary of said Company, was published once a week for at least successive weeks in , a newspaper published in the County of State of , wherein the principal place of business of said Company is located; that the following is a true copy of said notice (here insert copy of notice); that a copy of said notice was duly served upon each stockholder of record in said Company by mailing to each of said stockholders a copy of said notice at the post-office in the City of , State of , enclosed in a sealed envelope, directed to each of said stockholders at his last known post-office address and by prepaying the proper postage on each of said envelopes so mailed. That said notices were each and all duly mailed as aforesaid at least days before the date of said meeting, and that at the time and place specified in said notice stockholders appeared in person or by proxy in amount representing at least a majority of all of the shares of stock of said Company.

At said meeting the undersigned, , pursuant to the by-laws of said Company, presided as chairman thereof and by like authority the undersigned acted as secretary thereof.

That the notice of the meeting and proof of the proper publication and service thereof by mailing was presented and ordered filed with the Secretary of the Company.

Upon motion duly made and seconded a vote was then taken by the stockholders then present in person or by proxy, reading as follows:

Resolved, That the capital stock of said Company be increased (or reduced) to the present amount thereof, to wit (insert amount) dollars, consisting of (insert number) shares of the par value of (insert par value) dollars each to (here insert amount to which stock is increased or reduced) dollars, to consist of (insert number of shares) of the par value of (here insert par value) dollars each, and be it further

Resolved, That the proper officers of the Company be and they are hereby authorized and directed to make, sign, verify, and acknowledge the certificate of the proceedings at said meeting, authorizing the aforesaid increase (or reduction) of the capital stock of Company in the form required by statute, and to cause such certificates to be filed in the proper offices, and to do all acts and things that may be necessary to comply with the provisions of law applicable to and regulating the increase (or decrease) of capital stock.

That stockholders owning (insert number) shares of stock, being at least (here insert proportion) of all of the stock of the Company, voted in favor of said resolution, and stockholders owning (here insert number) shares of stock voted against its adoption.

That a sufficient number of lawful votes having been cast in favor of said increase (or reduction) said resolution was declared duly adopted.

That the amount of capital of said Company heretofore authorized is (here insert amount) dollars, and the proportion thereof actually issued at the time of said meeting was and is (insert amount) dollars, and that the amount of the increased (or reduced) capital stock is (insert amount) dollars.

In Witness Whereof, we have made, signed, and verified and acknowledged this certificate in duplicate.

Dated .

, *President.*
, *Secretary.*

State of }
County of } ss.

F. G., chairman, and H. I., secretary, respectively of the Company

and of the aforesaid special meeting of the stockholders of said Company, being severally duly sworn, each deposes and says, and each for himself deposes and says, that he has read the foregoing certificate subscribed by him and knows its contents and that the same is true.

, *President.*
, *Secretary.*

Subscribed and sworn to before me this day of , 190 .

CHANGE OF PRINCIPAL OFFICE.

Resolution.

Resolved, That the principal office and place of business of the Company be removed from , its present location as designated in its original certificate of incorporation, now on file and of record in the office of (here insert offices where certificate is filed), and that the proper officers of this Company be and they hereby are authorized to take such steps as may be necessary to carry this resolution into effect.

Certificate of Change.

We, the undersigned, President and Secretary (or such other officers as the statute may designate) of the Company, a Corporation organized and existing under the laws of the State of , for the purpose of changing the principal office and place of business of said Company, do hereby certify and set forth as follows:

1. The name of said Corporation is:

2. The principal place of business and office as at present designated in its certificate of incorporation is at , and the same has not been heretofore changed. It is desired to change the location of said principal office and place of business from the location last named to (here insert new location).

3. It is the purpose of the Corporation to actually transact and carry on its regular business from day to day at the said place last above designated.

4. (Here insert a statement as to the due adoption of the resolution changing the place of business, including the date of the meeting, nature of meeting, vote cast in favor of resolution.)

In Witness Whereof, we have hereunto set our names this day of , 190 .

, *President.*
, *Secretary.*

State of }
County of } ss.

and , being severally duly sworn, each deposes and says, and each for himself says, that the said is the President, and the said is the Secretary, of said Company; that he has read the foregoing certificate by him subscribed, and knows the contents thereof and that the same is true.

Subscribed and sworn to before me this day of , 190 .

Change of Office.

I, , heretofore, on the day of , 190 , duly appointed by the Company, a Corporation organized and existing under the laws of , as the person upon whom service or other legal process against said Company may be served within the State of , do

hereby certify that I have removed my office from in the City of to in the City of , and that from and after the day of summons or process against said Company may be served upon me as the designated agent of said Company at my said office No. Street in said City of , State of

In Witness Whereof, I have hereunto affixed my hand and seal this day of , 190 .

(Acknowledgment.)

CONSENT OF STOCKHOLDERS TO INCREASE OF CAPITAL STOCK.

New York Form.

We, the undersigned, being stockholders of the Company, a stock corporation organized and existing under the Laws of New York, do hereby consent, that the present authorized capital stock of said Corporation, to wit: Twenty-five thousand dollars ($25,000), consisting of two hundred fifty (250) shares of the par value of one hundred dollars ($100) each, be increased to seventy-five thousand ($75,000), to consist of seven hundred fifty (750) shares of the par value of one hundred dollars each; and we do hereby authorize such increase of capital stock, and empower the officers of the Corporation to do all acts and things necessary to effectuate such increase of capital stock.

And we do hereby certify as follows:

That the amount of capital of said Corporation heretofore authorized is twenty-five thousand dollars.

That all of said capital is actually issued and outstanding.

That the amount of the increased capital stock is seventy-five thousand dollars.

That there are no debts or liabilities.

In Witness Whereof, we have signed this instrument in duplicate. Dated this day of November, 1906.

State of New York } ss.
County of New York }

On this day of November, 1906, before me, personally came and , to me known and known to me to be the individuals described in and who executed the foregoing instrument, and they severally acknowledged to me that they executed the same.

, *Notary Public, N. Y. Co., N. Y.*

(SEAL.)

State of New York } ss.
County of New York }

, being duly sworn, deposes and says: That he is the Treasurer of the Company, the Corporation mentioned in the foregoing instrument; that he is the custodian of the stock book, containing the names of the

stockholders of said Corporation; that , , and the persons who have signed the foregoing instrument, are all the stockholders of the entire capital stock of said Corporation issued and outstanding.

, *Treasurer.*

Sworn to before me, this day of November, 1906.

, *Notary Public, N. Y. Co., N. Y.*

CERTIFICATE OF EXTENSION OF CORPORATE EXISTENCE (BY CONSENT).

We, the undersigned, , as President, and as Secretary, of the Company, a Corporation organized and existing under the laws of the State of , do hereby certify under the seal of said Corporation as follows, to wit:

That the consent of the stockholders of said Company owning at least in amount of its capital stock has been given in writing (or by vote at a meeting of the stockholders called for that purpose, upon due and legal notice thereof) to extend the existence of said Corporation for a term of years beyond the time specified in the original certificate of incorporation. That said written consent of said stockholders is hereto annexed (or, in case of a vote that a copy of the resolution adopted at said special meeting of stockholders, duly certified to by the Secretary of the Corporation, is hereto annexed).

In Witness Whereof, this certificate under the seal of said Corporation has been subscribed by us this day of , 190 .

, *President.*

(SEAL.) , *Secretary.*

(Acknowledgment.)

FORM OF CONSENT.

We, the undersigned, being stockholders of the Company, a Corporation organized and existing under the laws of the State of , and each owning the number of shares of stock in said Corporation set opposite our respective names, and together owning at least (here state proportion) of the capital stock of said Corporation, to wit, shares out of the total number of shares into which said capital stock is divided, do hereby certify, pursuant to the statutes of this State in such case made and provided, that we severally consent that the corporate existence of said Corporation be extended for the term of years from the day of , 190 , the said date last mentioned being the time specified in the original certificate of incorporation of said Company as the time for the termination of the corporate existence of said Company.

In Witness Whereof, we have hereunto set our hands to this consent in duplicate, and the number of shares of stock owned by us respectively in said Company this day of , 190 .

(Signatures.)

RESOLUTION FOR EXTENSION OF CORPORATE EXISTENCE.

Be it Resolved, that it is our wish and desire and we do hereby consent that the corporate existence of the Company be extended for a period of years from the day of , 190 , and that the proper officers of this Corporation take the necessary steps to carry into effect this resolution by executing, filing, and recording the certificates required by law

relative to extension of corporate existence, with respect to corporations organized under the laws of the State of .

CERTIFICATE OF EXTENSION OF CORPORATE EXISTENCE. (BY ACTION AT STOCKHOLDERS' MEETING.)

We, the undersigned, respectively, President and Secretary of the Company, a corporation organized and existing under the laws of the State of , do hereby certify under the seal of said corporation as follows, to wit: That at a special meeting of the stockholders of said Company, duly called for that purpose, a resolution was duly adopted by a vote of (here state percentage of stock voting in favor of such resolution) in amount of the capital stock, extending the existence of such corporation for a term of years beyond the time specified in its original certificate of incorporation, and that a copy of the resolution adopted at said meeting of stockholders is hereto annexed, marked "Exhibit A," and is hereby made a part of this certificate.

In Witness Whereof, this certificate has been subscribed by me, , President of such corporation, and by me, , Secretary of said corporation, this day of , 190 .

, *President.*
, *Secretary.*

(SEAL.)

(Certificate of acknowledgment. Attach copy of Resolution, "Exhibit A.")

ARIZONA FORM.

AMENDMENT TO ARTICLES OF INCORPORATION OF THE ——————— COMPANY.

We, , and , President and Secretary, respectively, of the Company, a Corporation organized and existing under the laws of the Territory of Arizona, hereby certify that said Corporation at a special meeting of the stockholders of said Company, held at its office in the City of Phœnix, Territory of Arizona, on the 23d day of January, 1907, amended Article "Fifth" of the Articles of Incorporation so as to read as follows:

Fifth.

(Here insert article as amended.)

We further certify that there were subscribed and outstanding at said date shares of common stock of said Company and no more, and that the vote by which said amendment was adopted was votes in favor thereof and none against, being more than two-thirds of the stock outstanding voting in favor of the said amendment.

We further certify that said meeting was regularly called, and that due and legal notice of the proposed amendment had been given, and that the attached copy of notice is a true copy of the notice that was served upon all the stockholders of the Company, and said notice was given in the manner provided by law.

In Witness Whereof, we have hereunto signed this certificate as President and Secretary, respectively, of the said Company, and caused the seal of said Company to be attached hereto.

, *President of* .
, *Secretary of* .

State of Ohio,
County of .

Be it Remembered, that on this day of January, 1907, before me,

the undersigned, a Notary Public in and for said County and State, personally came and , known to me to be the persons described in and who signed the foregoing Certificate as to the correctness of the foregoing amendment to the Articles of Incorporation of the Company, and personally known to me to be the President and Secretary, respectively, of said Company, and severally acknowledged the execution and signing of same to be their free act and deed for the purposes therein set forth.

In Witness Whereof, I have hereunto set my hand and seal the day and year last above written.

, *Notary Public.*

(SEAL.)

DELAWARE FORM.

MINUTES OF MEETING AMENDING CHARTER AND CERTIFICATE RELATING THERETO.

AMENDMENT OF CERTIFICATE OF INCORPORATION OF A DELAWARE COMPANY.

Minutes of a special meeting of the Board of Directors of the Company, held at the office of the Company in the City of , State of , on the day of , 1906, at o'clock in the noon.

Present: Messrs. , constituting a majority (or all) of the Board.

Meeting called to order by the President, Mr. , who presided, and the Secretary assumed the duties of his office.

The Secretary presented a waiver of notice of the meeting signed by all the Directors, and on motion same was ordered spread upon the minutes:

Waiver.

We, the undersigned, Directors of the Company, a Corporation under the laws of the State of Delaware, hereby waive notice of a special meeting of the Board of Directors of said Company and of the business to be transacted thereat. We designate the day of , 190 , as the time, and the office of the Company in the City of , State of , as the place of said meeting. The purpose of said meeting being to vote upon a proposition to change the (name, purposes, increase or decrease capital stock, etc.), and the transaction of such other business as may properly come before the meeting.

(Signatures.)

The following resolution was then presented to the meeting and, on motion duly made and seconded, was unanimously adopted:

Whereas, it appears advisable to this Board to amend the certificate of incorporation of the Company in the following respects, to wit:

(1) Changing paragraph number of the certificate of incorporation of said Company, so that it shall read as follows:

First.

The name of the Corporation is Company (as to other amendments see certificate page 755).

Now, therefore, be it

Resolved, that a meeting of the stockholders of the Company be called for the day of , 1906, for the purpose of voting upon the question of the acceptance or rejection of the recommendations of this Board relative to the amendment of the certificate of incorporation of the Company as herein proposed and advised by the Board of Directors of said Corporation; and be it further

Resolved, that the Secretary of the Company be directed forthwith to issue notice to the stockholders of said Corporation of the time, place, and purpose of said meeting, so called by the Board of Directors of said Corporation.

No further business was presented, and on motion the meeting adjourned.

Minutes of a special meeting of the stockholders of the Corporation, held at the office of the Company in the City of , State of , on the day of April, 1906, at o'clock in the noon.

The following stockholders were present in person, holding the number of shares set opposite their respective names:

Names.	No. of Shares.

By proxy:

Name.	Name of Proxy.	No. of Shares.

being all the stockholders of the Company.

Meeting called to order by the President, who presided, and the Secretary assumed the duties of his office.

The Secretary presented a waiver of notice of the meeting signed by all the stockholders, and on motion same was ordered spread upon the minutes:

Waiver.

(Same general form as for Directors' meeting.)

The chairman stated that the purpose of the meeting was to vote upon certain amendment to the certificate of incorporation as proposed and advised by the Board of Directors.

On motion duly made and seconded, it was

Resolved, that the stockholders first proceed to the choice by ballot of two judges, to receive and report upon the vote of the stockholders cast at this meeting.

Messrs. and were then placed in nomination as judges for the purpose of receiving and reporting upon the vote of the stockholders cast at this meeting. Ballot was then had and votes were cast in favor of these gentlemen for the office designated, and no votes were cast in opposition thereto.

The chairman thereupon announced the foregoing gentlemen duly elected judges to receive and report on the vote of the stockholders cast at this meeting.

On motion duly made and seconded, it was

Resolved, that the name of this Corporation be changed from Company, its present name, to Company, by which latter name it shall be hereafter known; and be it further

Resolved, in pursuance of the foregoing resolution that paragraph numbered "First" of the certificate of incorporation be changed to read as follows:

First.

The name of the Corporation is Company.

Ballot was then had and the judges reported as to the result of the ballot as follows: That the total number of shares issued and outstanding were shares of common stock and no more, and that no shares of preferred stock had been issued. They further reported that votes had been cast in favor of the adoption of said resolution and no votes against.

The chairman thereupon announced the foregoing resolution to be duly adopted. (Here follow the other amendments mentioned hereafter.)

No further business was presented and on motion the meeting adjourned.

We, and , President and Secretary respectively of The Company, a Corporation created and organized under the laws of the State of Delaware, do hereby certify to the Secretary of State of the State of Delaware, that at a meeting of the stockholders of said Corporation, regularly held in accordance with the requirements of said State, at the office of said Corporation in the City of , State of , on the 28th day of April, 1906, at which time shares of the capital stock of said Corporation was represented in person or by proxy, which said shares were all of the shares of stock of

said Corporation issued and outstanding at the date of said meeting, and that said shares were voted for the following resolutions, to wit:

(1) *Resolved*, that the name of this Corporation be changed from Corporation, its present name, to Corporation, by which name it shall be hereafter known; and be it further

Resolved, in pursuance of the foregoing resolution, that paragraph numbered "First" of the certificate of incorporation of the Corporation be changed to read as follows:

First.

The name of the Corporation is: (here insert name in amended form).

(2) *Resolved*, that the purposes of said Corporation shall be changed by adding thereto the following additional purposes: (here insert purposes to be added).

And be it further

Resolved, in pursuance of the foregoing resolution, that paragraph numbered "Third" of the certificate of incorporation of the Corporation be changed to read as follows:

Third.

(Here insert paragraph in amended form.)

(3) *Resolved*, that the number of shares of the capital stock be changed from five thousand (5,000) shares of preferred stock of the par value of one hundred dollars ($100) per share, and five thousand (5,000) shares of common stock of the par value of one hundred dollars ($100) per share, to ten thousand (10,000) shares of common stock of the par value of one hundred dollars ($100) per share; and be it further

Resolved, in pursuance of the foregoing resolution, that paragraph numbered "Fourth" of the certificate of incorporation be changed to read as follows:

Fourth.

The amount of the total authorized capital stock of the Corporation is one million dollars ($1,000,000), divided into ten thousand (10,000) shares of common stock of the par value of one hundred dollars ($100) per share. The amount of capital stock with which the Company will begin business is one thousand dollars.

Given under our hands and the seal of the Corporation this day of May, 1906.

_____

President of the Corporation.

_____

Secretary of the Corporation.

State of }
County of } ss.

Be it Remembered, that on this day of May, A. D. 1906, personally came before me, the subscriber, a Notary Public of the State of , , President, and , Secretary, of the Corporation, parties to this certificate of amendment, known to me personally to be such, and severally acknowledged the same to be the act and deed of the said Corporation and of the said officers pursuant to a resolution in that behalf.

Given under my hand and seal of office the day and year aforesaid.

, *Notary Public*, *County*, .

JUDGES' CERTIFICATE.

We, the undersigned, having been appointed and elected judges for the purpose of receiving and reporting on the vote of the stockholders of the Corporation, pursuant to the statute in such case made and provided, at a special meeting

of the stockholders of said Corporation, held for the purpose of voting upon the adoption of certain amendments to the certificate of incorporation of said Corporation, do hereby certify that at said meeting there were present, either in person or by proxy, and voting, shares of the stock of said Corporation, which said shares constituted all of the stock of said Corporation issued and outstanding.

We do further specify that at said special meeting of the stockholders of said Corporation votes were cast in favor of the following amendments to the certificate of incorporation of the Corporation: To wit:

(1) *Resolved*, that the name of this Corporation be changed from , its present name, to , by which name it shall be hereafter known; and be it further

Resolved, in pursuance of the foregoing resolution that paragraph numbered "First" of the certificate of incorporation of the be changed to read as follows:

First.

The name of the Corporation is: (Here insert name as amended.)

(2) *Resolved*, that the purposes of said corporation shall be changed by adding thereto the following additional purposes: (here insert additional purposes).

And be it further

Resolved, in pursuance of the foregoing resolution that paragraph numbered "Third" of the certificate of incorporation of the Corporation be changed to read as follows:

(Here insert paragraph in its amended form.)

Third.

(3) *Resolved*, that the number of shares of the capital stock be changed from five thousand (5,000) shares of preferred stock of the par value of one hundred dollars ($100) per share, and five thousand (5,000) shares of common stock of the par value of one hundred dollars ($100) per share, to ten thousand (10,000) shares of common stock of the par value of one hundred dollars per share; and be it further

Resolved, in pursuance of the foregoing resolution that paragraph numbered "Fourth" of the certificate of incorporation be changed to read as follows:

Fourth.

The amount of the total authorized capital stock of the Corporation is one million dollars ($1,000,000) divided into ten thousand (10,000) shares of common stock of the par value of one hundred dollars ($100) per share. The amount of capital stock with which the Company will begin business is one thousand dollars

, , *Judges.*

MAINE FORM.

MINUTES OF MEETING AMENDING CHARTER AND CERTIFICATE RELATING THERETO.

Minutes of a special meeting of the stockholders of Company, held at the office of , at , Maine, on the day of December, 1906, at 4 P. M., pursuant to written consent and waiver of notice signed by all the stockholders.

Mr. called the meeting to order, and acted as temporary chairman thereof. The clerk, Mr. , was directed to record the proceedings of the meeting, and was chosen secretary *pro tem*. The temporary chairman then appointed the clerk a committee to ascertain if a quorum was present, and after due examination of the record of stockholders the clerk reported as follows: (here insert report of committee).

Report of Committee.

, Maine, December , 1906.

I, , Clerk of Company, a Corporation of the State of Maine, duly appointed a committee to ascertain and report if a quorum was present at a special meeting of the stockholders of said Corporation, appointed to be held this day at the office of , at , Maine, at 4 P. M., do now report as follows:

That the capital stock of said Company is . . . . . 40,000 shares
of the par value of five dollars each, according to its certificate of Incorporation, and that of said capital stock there has been subscribed . . . . . 100 "
and there remains unissued and in the treasury of the Company . . . . . 39,900 "
And that of said one hundred shares so subscribed the following stockholders holding the number of shares set opposite their respective names were present in person:

———————— 20 shares
———————— 20 "
———————— 20 "
———————— 20 "
———————— 20 "

Total . . . . . 100 "

I, therefore, report that according to the law and the by-laws of the said Company the meeting is legally constituted, all the stock subscribed or issued being present in person.

, *Clerk-Committee.*

Upon motion, duly seconded, the report of the Committee was accepted, and the meeting declared duly constituted.

Upon motion, duly seconded, Mr. was unanimously chosen chairman, and presided, and Mr. was unanimously chosen secretary of the meeting.

The secretary then presented a waiver of notice of the meeting and consent; the same was read and approved, and a copy of the same ordered spread upon these minutes. The same is as follows: (here insert waiver of notice).

Waiver of Notice of and Consent to hold a Special Meeting of Stockholders of Company.

We, the undersigned, being all the stockholders of Company, a Corporation organized under the laws of the State of Maine, hereby waive notice of any provision of the laws of said State respecting stockholders' meetings, as well as of the by-laws of said Company, and we do hereby consent that a special meeting of the stockholders of said Company be held in pursuance of § 7 of that part of the by-laws of said Company respecting stockholders' meetings, be held at the office of the Company, namely, the office of , at , Maine, on , 1906, at 4 P. M., for the purpose of taking action to increase the capital stock of said Company from 40,000 shares of the par value of $5 each to 300,000 shares of the same par value, and we do hereby consent to such increase of the capital stock aforesaid; and we do hereby consent that said meeting may transact any other business that may be brought before it, hereby ratifying and confirming any action had or proceeding taken at said meeting. (Signatures)

Dated December , 1906.

Upon motion, duly seconded, it was voted: that the meeting proceed to the transaction of business.

Upon motion, duly seconded, the following preamble and resolutions were

then offered, and upon a vote being taken, the same were declared unanimously adopted:

Whereas, the stockholders of this Corporation find that the amount of its capital stock is insufficient for the purposes for which said Corporation is organized,

Therefore, be it Resolved, that the authorized capital stock of Company be increased from forty thousand (40,000) shares of the par value of five dollars ($5.00) each to three hundred thousand (300,000) shares of the par value of five dollars ($5.00) each, so that the authorized capital stock of said Corporation shall hereafter be one million five hundred thousand ($1,500.000) dollars instead of two hundred thousand ($200,000.00) dollars as heretofore; and be it

Further Resolved, that this Corporation, by its clerk, file a proper certificate of such increase with the Secretary of State within ten days hereafter, and pay to the Treasurer of State the fees required by law for the making of such increase.

Upon motion, duly seconded, it was voted: that the Board of Directors of this Company be and hereby are authorized and empowered to acquire and vest in the Company such real or personal property as in their judgment may be necessary and proper for the business of the Company, and pay for the same by the issue and delivery of such part of the capital stock of this Company as may be proper in the premises.

Upon motion, duly seconded, it was voted: that the meeting adjourn.

Adjourned.

, *Chairman.*

, *Clerk-Secretary.*

CERTIFICATE OF AMENDMENTS.

To the Secretary of State of Maine.

I, , of , County of and State of Maine, hereby certify that I am Clerk of the Company, a Corporation duly organized and existing under the laws of the State of Maine, having its principal office at , Maine. That at a special meeting of the stockholders of said Corporation held at the principal office thereof on the day of , 190 , at which meeting a majority of the capital stock of said Corporation issued and outstanding was represented in person or by proxy, the following resolution was adopted by a vote of (here state percentage of total outstanding stock voting in favor of the resolution) in amount of the capital stock of the Corporation issued and outstandiug, to wit (here insert resolution as adopted).

I further certify that said meeting was duly and legally called and convened in accordance with the provisions of the by-laws of the Corporation, and that the action proposed to be taken at said meeting was duly specified in the notice calling said meeting.

Dated .

, *Clerk.*

AMENDMENTS TO CHARTER.

New Jersey Form.

Company, a Corporation of the State of New Jersey, by its President and Secretary, does hereby certify:

I. That the principal office of the Company is at No. Street, , New Jersey, and that the agent therein in charge thereof and upon whom process against the Corporation may be served is .

II. That the Board of Directors of said Corporation, at a meeting duly convened and held on the day of , 19 , passed a resolution declaring that the changes and amendments in the certificate of incorporation (*or increase of capital stock, etc., as the case may be*), hereinafter set forth are advisable, and calling a meeting of the stockholders to take action thereon.

III. That a copy of said resolution of the Board of Directors is hereto appended.

IV. That thereafter, on the day of , 19 , pursuant to such call of the board of directors, and upon notice given to each stockholder as provided in the by-laws, a special meeting of the stockholders of the Company was held, at which meeting more than two-thirds in interest of each class of the stockholders having voting powers were present in person or represented by proxy, and that more than two-thirds in interest of each class of the stockholders having voting powers voted in favor of such changes and amendments (*or increase of capital stock, etc.*), such changes and amendments being as follows:

The amendment of article of said certificate of incorporation to read as follows:

(Here insert the article to be amended, in full as amended.)

V. That at said meeting of the stockholders the foregoing amendments were assented to in writing by more than two-thirds in interest of each class of the stockholders having voting powers, which said written assent is hereto appended.

VI. That shares of common stock (and shares of preferred stock) of said Corporation are issued and outstanding.

In Witness Whereof, the said Company has caused this certificate to be signed by its President and its Secretary and its corporate seal to be hereto affixed this day of , 19 .

, *Company*,

By

, *President*.

, *Secretary*.

(CORPORATE SEAL.)

Resolution of the Board of Directors.

"*Resolved*, that it is advisable to amend article of the certificate of incorporation to read as follows:

(Insert same.)

(*or to increase the capital stock of the Company from dollars to dollars, etc.*)

Further Resolved, that a meeting of the stockholders to take action upon the foregoing resolution be called to be held at the principal office of the Company, No. Street, , N. J., on the day of 19 , at M."

Assent of Stockholders.

The undersigned, being more than two-thirds in interest of each class of the stockholders of the Company having voting powers, having at a meeting regularly called for that purpose voted in favor of the changes and amendments (*or increase of capital stock, etc.*) set forth in the above certificate do now pursuant to law give our written assent to such changes and amendments.

Witness our hands this day of , A. D. 19 .

Names.	No. of Shares. Preferred.	Common.

Proof.

State of } ss.
County of }

Be it Remembered, that on this day of , 19 , before me, the subscriber, a , personally appeared , Secretary of the Company, the Corporation mentioned in and which executed the foregoing certificate, who being by me duly sworn, on his oath says, that he is such

Secretary and that the seal affixed to the said certificate is the corporate seal of said Corporation, the same being well known to him; that is President and signed said certificate and affixed said seal thereto and delivered said certificate by authority of the Board of Directors and with the assent of two-thirds in interest of each class of the stockholders having voting powers, as and for his voluntary act and deed and the voluntary act and deed of said Corporation in the presence of deponent, who thereupon subscribed his name thereto as witness.

And he further says that the resolution of the Board of Directors referred to in the said certificate, a true copy of which is appended to said certificate, was adopted at a meeting of said Board of Directors duly convened and held on the day of , 19 .

And he further says that the written assent of stockholders appended to the foregoing certificate is signed by two-thirds in interest of each class of the stockholders having voting powers, either in person or by their severally duly constituted attorneys in fact thereunto duly authorized in writing.

Subscribed and sworn to before me the day and year aforesaid.

CERTIFICATE OF CHANGE OF LOCATION OF THE PRINCIPAL OFFICE.

Resolution of Directors.

"The Board of Directors of the Company, a Corporation of New Jersey, on this day of , A. D. 19 , do hereby resolve and order that the location of the principal office of this Corporation within this State be, and the same hereby is, changed from , in the County of , to No. Street, in the county of ."

The name of the agent therein and in charge thereof, upon whom process against the Corporation may be served, is .

Certificate of Change.

The Company, a Corporation of New Jersey, doth hereby certify that the foregoing is a true copy of a resolution adopted by the Board of Directors by a vote of the members thereof at a meeting held as therein stated.

In Witness Whereof, said Corporation has caused this certificate to be signed by its President and Secretary, and its corporate seal to be hereto affixed, the day of , A. D. 19 .

, *President.*

[L. S.] , *Secretary.*

New York.

MINUTES OF MEETING OF STOCKHOLDERS AMENDING CHARTER.

Minutes of a special meeting of the stockholders of the Company, a Corporation organized and existing under the laws of the State of New York, held at the office of the Company in the City of on the 15th day of December, 1906, at eleven o'clock in the forenoon.

Present in person: (Insert names.)

Present by proxy: (Insert names.)

The President of the Company acted as chairman of the meeting, and the Secretary assumed the duties of his office.

The Secretary presented a copy of the notice of the meeting and the affidavit of mailing of same, and on motion duly made and seconded, same was ordered spread upon the minutes:

AFFIDAVIT.

State of ,
County of .

, being duly sworn, says: that on the day of , 1906, he, as Secretary of the Company, caused a notice of a special meeting of the stockholders of said Company (a copy of said notice being hereto attached) to be mailed in a sealed wrapper, postage prepaid, to each stockholder of the Company at his address as the same appears on the books of the Company.

, *Secretary.*

Sworn to before me this day of , 1906.

, *Notary Public.*

NOTICE.

A special meeting of the stockholders of the Company will be held on the 15th day of December, 1906, at eleven o'clock in the forenoon, at the office of such Company at , for the purpose of voting upon a proposition to increase its capital stock from twenty thousand dollars ($20,000), consisting of two hundred (200) shares of the par value of one hundred dollars ($100) each, to seventy-five thousand dollars ($75,000), to consist of seven hundred fifty (750) shares of the par value of one hundred dollars ($100) each. Said meeting will also be called for the purpose of voting upon a proposition to increase the number of Directors from seven to ten.

, *Secretary.*

The Secretary announced that notice of the meeting had been duly published in compliance with the laws of the State of New York, in a newspaper published in the county where the principal office of the Company is located, in the city of , once a week for at least two successive weeks. The Secretary presented the affidavit of the publisher of said newspaper to that effect, and on motion duly made and seconded the same was ordered spread upon the minutes:

AFFIDAVIT.

, of the City of , State of being duly sworn, says: that he is the publisher of , a newspaper printed and published in the city of aforesaid; that the notice, of which the annexed is a true copy, has been published in the said newspaper once a week for two successive weeks, commencing on the 1st day of December, 1906.

Sworn to before me, this day of December, 1906.

, *Notary Public.*

On motion duly made and seconded, the following resolution was then adopted:

Resolved, that the capital stock of the Company be increased from the present amount thereof, to wit: twenty thousand dollars, consisting of two hundred shares of the par value of one hundred dollars each, to seventy-five thousand dollars of the par value of one hundred dollars each; and be it further

Resolved, that the chairman and secretary of this meeting be, and they hereby are, authorized and directed to make, sign, verify, and acknowledge the certificates of proceedings required by statute and cause one of such certificates to be filed and recorded in the office of the Clerk of County, and a duplicate thereof in the office of the Secretary of State, and to do all acts and things that may be necessary to comply with the provisions of law applicable to and regulating such increase of capital stock.

On motion duly made and seconded, the following resolution was then adopted:

Resolved, that the number of Directors of the Company be increased from the present number thereof, to wit: seven (7) to ten (10) Directors; and be it further

Resolved, that the chairman and secretary of this meeting be, and they hereby are, authorized and directed to make, sign, verify, and acknowledge the certificates

of proceedings required by statute and cause one of such certificates to be filed and recorded in the office of the Clerk of County, and a duplicate thereof in the office of the Secretary of State, and to do all acts and things that may be necessary to comply with the provisions of law applicable to and regulating changes in the number of Directors in the Board of Directors.

No further business was presented to the meeting, and on motion the same adjourned

, *Secretary.*

Approved:

, *Chairman.*

South Carolina.

APPLICATION FOR INCREASE OR DECREASE OF CAPITAL STOCK.

State of }
County of }

To the Secretary of State of :

Whereas, there was issued by the Secretary of State a charter dated , constituting and creating into a corporation, under the laws of this State, with its principal place of business at , and with a capital stock of dollars, divided into shares, of the par value of dollars each, empowering it to engage in the business of .

The undersigned, a majority of the duly elected and qualified Board of Directors of the said , hereby certify that a notice (a copy of which is hereto attached) was published once a week for four weeks in the , a newspaper, published in the County of , of a meeting of stockholders on , which notice stated the time and place of meeting, and the amount of the proposed .

And, further, that said meeting was duly held pursuant to notice, and a resolution (a copy of which is hereto attached) was offered and adopted by a two-thirds vote, to the amount of the capital stock of the aforesaid Corporation to dollars, divided into shares of the par value of dollars each.

And, further, your petitioners certify that they have complied in all respects with (here insert reference to amendatory act under which application is made).

Wherefore they pray that the charter of the said be so amended.

Signed this day of .

, *Directors.*

South Dakota Form.

AMENDMENT TO ARTICLES OF INCORPORATION

OF

We, , and , President and Secretary, respectively, of the , a Corporation organized and existing under the Laws of the State of South Dakota, hereby certify that said Corporation at a meeting of the stockholders of said Company, held at its office in the City of , State of , on the day of , 190 , amended Article of the Articles of Incorporation so as to read as follows:

Article. (Here insert article in amended form.)

We further certify that there were subscribed and outstanding at said date shares of stock of said Company and no more, and that the vote by which said amendment was adopted was votes in favor thereof and votes

against, being more than two-thirds of the stock outstanding voting in favor of the said amendment.

We further certify that said meeting was regularly called and that due and legal notice of the proposed amendments had been given and that the attached copy of notice is a true copy of the notice that was served upon all the stockholders of the , and said notice was given in the manner provided by law.

In Witness Whereof, we have hereunto signed this certificate as President and Secretary, respectively, of the said , and caused the seal of said Company to be attached hereto.

_____

President of .

_____

Secretary of .

State of South Dakota, } ss.
County of }

Be it Remembered, that on this day of , 190 , before me, , a Notary Public in and for said County and State, personally came and , known to me to be the persons described in and who signed the foregoing certificate as to the correctness of the foregoing amendment to the Articles of Incorporation of the , and personally known to me to be the President and Secretary, respectively, of said , and severally acknowledged the execution and signing of same to be their free act and deed for the purposes therein set forth.

In Witness Whereof, I have hereunto set my hand and seal the day and year last above written.

, *Notary Public.*

DISSOLUTION OF CORPORATIONS.

VOLUNTARY DISSOLUTION.

Connecticut Forms.

We, the undersigned, a majority of the Directors of the , a Corporation organized under the statute laws of the State of Connecticut, and located in the town of , county of , in said State,

Hereby certify, that at a meeting of the Directors of said Corporation, held at , on the day of , 190 , it was voted to terminate its corporate existence.

That a special meeting of the stockholders was forthwith called, to be held thirty days thereafter, to wit, on the day of , 190 .

That the call for said meeting contained a copy of said vote, and was published four times, once during each week preceding such meeting, in the , a newspaper published in and having a circulation in the town where said Corporation is located, and a copy thereof was sent by mail to the last known address of each stockholder.

At said stockholders' meeting, there being represented in person or by proxy shares of common stock and shares of preferred stock, it was voted to confirm said vote of the Directors, the number of shares of common stock voting therefor being , and the number of shares of preferred stock voting therefor being , and each being three-fourths or more of the whole of each class of stock.

All claims against said Corporation may be sent to .

Dated at , this day of , 190 .

_____
_____
_____
_____
_____
} *A Majority of the Directors.*

State of Connecticut, } ss.
County of }

Personally appeared , being a majority of the Directors of the and made oath to the truth of the foregoing certificate by them signed, before me,

, *Notary Public.*
, *Justice of the Peace.*

We, the undersigned, a majority of the Directors of the , a Corporation organized under the statute laws of the State of Connecticut and located in the town of , County of in said State,

Hereby certify, that every stockholder of said Corporation has signed and acknowledged an agreement that the corporate existence of such Corporation shall be terminated, which instrument is dated the day of , 190 .

All claims against said Corporation may be sent to .

Dated at , this day of , 190 .

_____
_____
_____
_____
_____
} *A Majority of the Directors.*

190 .

State of Connecticut, } ss.
County of }

Personally appeared , being a majority of the Directors of the , and made oath to the truth of the foregoing certificate by them signed, before me,

, *Notary Public.*
, *Justice of the Peace.*

VOLUNTARY DISSOLUTION.

Delaware Forms.

As required by the "General Corporation Laws" of the State of Delaware, the Board of Directors of the Company render the following statement, to be filed in the office of the Secretary of State of the State of Delaware upon the dissolution of said Company.

The location of the principal office in this State is at , in the of , county of .

The name of the agent therein and in charge thereof, and upon whom process against the Corporation may be served, is .

The following is a list of the names and residences of the Directors and officers of said Company:

Names.	Residences.

The officers of the Company are:

President, _____
Vice-President, _____
Second Vice-President, _____
Third Vice-President, _____
Secretary, _____
Treasurer, _____

Dated , 1907.

The foregoing statement is correct and true. , *President.*

Attest: , *Secretary.*

CERTIFICATE OF DISSOLUTION BY UNANIMOUS CONSENT OF ALL STOCKHOLDERS OF THE COMPANY.

The location of the principal office in this State is at , in the of , County of .

The name of the agent therein and in charge thereof, upon whom process against this Corporation may be served, is .

We, the subscribers, being all the stockholders of the Company, a Corporation of the State of Delaware, deeming it advisable and most for the benefit of said Corporation that the same should be forthwith dissolved, do hereby give our consent to the dissolution thereof, as provided by section 39 of the General Corporation Laws of the State of Delaware, and do sign this consent, to the end that it may be filed in the office of the Secretary of State of the State of Delaware, for the issuance of a certificate of dissolution.

Witness our hands this day of , A. D. 1907.

_____ _____
_____ _____

State of }
County of } ss.

, the Secretary of the above named Company, being duly sworn, on his oath says that the foregoing consent to the dissolution of said Corporation has been signed by all the stockholders of said Company.

Subscribed and sworn to before me this day of , A. D. 1907.

_____

CONSENT OF STOCKHOLDERS TO DISSOLUTION.

We, the undersigned, being all the stockholders of the , a Corporation created and existing under and by virtue of the laws of the State of Delaware, deeming it advisable and meet for the interests of said Corporation that the same should forthwith be dissolved, hereby consent to the dissolution of said Corpora-

tion, as provided for by the General Corporation Laws of the State of Delaware, and do sign this consent to the end that it may be filed in the office of the Secretary of State of Delaware, as provided by law.

Witness our hands this day of , 190 .

Stockholders. Number of Shares.

Attest:

, *Secretary.*

CERTIFICATE OF PRESIDENT, SECRETARY, AND TREASURER TO CONSENT OF STOCKHOLDERS, LIST OF NAMES AND RESIDENCES OF DIRECTORS AND OFFICERS.

We, the President, Secretary, and Treasurer of the , in accordance with the requirements of the General Corporation Laws of the State of Delaware, and in order to obtain a dissolution of said Company, as provided by the Genera Corporation Laws of the State of Delaware, do hereby certify as follows:

The principal office of the in the State of Delaware is at in the County of , and the agent in charge thereof upon whom process against this Corporation may be served is the .

That annexed hereto is a consent in writing to the dissolution of said signed by all the stockholders of said Company.

The following is a list of the names and residences of the Directors of the said Company:

Name.	Residence.

The following is a list of the officers of the Company:

President, .

Secretary and Treasurer, .

State of } ss.
County of }

, being first duly sworn, deposes and says, that he is the President of the described in the foregoing certificate; that the foregoing certificate is true of his own knowledge; that the written consent of stockholders referred to and annexed to the foregoing certificate is signed by all the stockholders of said Company; that the list of stockholders in the foregoing certificate is a full, true, and exact list, as shown by the books of the Company on the day of , 190 ; that the list of officers in the foregoing certificate is a full, true, and correct list of the officers of the Company on the day of , 190 .

, *President.*

Subscribed and sworn to before me this day of , 190 .

, *Notary Public.*

State of } ss.
County of }

, being first duly sworn, deposes and says, that he is the Secretary and Treasurer of the described in the foregoing certificate; that the foregoing certificate is true of his own knowledge; that the written consent of stockholders referred to and annexed to the foregoing certificate is signed by all the stockholders of said Company; that the list of stockholders in the foregoing certificate is a full, true, and exact list, as shown by the books of the Company on the day of , 190 : that the list of officers in the foregoing certificate is a full, true, and correct list of the officers of the Company on the day of , 190 .

, *Secretary and Treasurer.*

Subscribed and sworn to before me this day of , 190 .

, *Notary Public.*

VOLUNTARY DISSOLUTION.

New Jersey Forms.

CERTIFICATE OF THE SURRENDER OF CORPORATE FRANCHISES.

The location of the principal office in this State is at No. Street, in the of , County of .

The name of the agent therein and in charge thereof, upon whom process against this Corporation may be served, is .

We, the subscribers, being all the incorporators named in the certificate of incorporation of the Company, a Corporation of New Jersey, do hereby certify that no part of the capital of said Corporation has been paid, and the business for which the Corporation was created has not been begun.

And we do hereby surrender all our corporate rights and franchises which we have obtained by the creation of said Corporation, to the end that said Corporation may be forthwith dissolved.

Witness our hands and seals this day of , A. D. 19 .

State of } ss. [L. S.] [L. S.] [L. S.]
County of }

(Here insert names of incorporators), being severally duly sworn, on their oaths say that the facts stated and certified in the foregoing certificate are true.

Subscribed and sworn to before me this day of , A. D. 19 .

CERTIFICATE OF DISSOLUTION BY UNANIMOUS CONSENT OF ALL STOCKHOLDERS OF THE COMPANY.

The location of the principal office in this State is at No. Street, in the of , County of .

The name of the agent therein and in charge thereof, upon whom process against this corporation may be served, is .

We, the subscribers, being all of the stockholders of the Company, a corporation of the State of New Jersey, deeming it advisable and most for the benefit of said Corporation that the same should be forthwith dissolved, do hereby give our consent to the dissolution thereof, as provided by "An Act concerning Corporations (Revision of 1896)," and do sign this consent, to the end that it may be filed in the office of the Secretary of State of the State of New Jersey.

Witness our hands this day of , A. D. 19

State of } ss.
County of }

, the Secretary of the above-named Company, being duly sworn, on his oath says that the foregoing consent to the dissolution of said Corporation has been signed by every stockholder of this Company.

Subscribed and sworn to before me this day of , A. D. 19 .

(Add list of Directors and officers at time of dissolution.)

AFFIDAVIT OF PUBLICATION.

The location of the principal office in this State is at No. Street, in the of , County of .

The name of the agent therein and in charge thereof, upon whom process against the Corporation may be served, is .

State of }
County of } ss.

, the Secretary of the Company, being duly sworn, on his oath says, that the Board of Directors of the said Company have caused the certificate of dissolution of the Company, a copy whereof is hereto annexed, issued by the Secretary of State of the State of New Jersey, dated the day of , 19 , to be published in the , a newspaper published at the of and circulated in the county of , being the county in which said Company has been located and conducting its business, for the period of four weeks successively, at least once in each week, commencing on the day of , 19 , as required by section thirty-one of an Act entitled "An Act concerning Corporations (Revision of 1896)," approved April twenty-first, one thousand eight hundred and ninety-six.

Sworn and subscribed before me, the day of , A. D. 19 .

State of New Jersey, }
County of } ss.

, of lawful age, being duly sworn according to law, doth depose and say, that he is of , a newspaper printed and published in the of , County of , State of New Jersey, and that the notice, of which the annexed printed slip is a true copy, has been published in said newspaper, successively, once in each week, for the period of four weeks, commencing on the day of , 190 .

Sworn and subscribed before me the day of , 19 .

(Annex copy of notice as published.)

CERTIFICATE OF DISSOLUTION ISSUED BY SECRETARY OF STATE.

STATE OF NEW JERSEY. DEPARTMENT OF STATE.

CERTIFICATE OF DISSOLUTION (UNANIMOUS CONSENT).

TO ALL TO WHOM THESE PRESENTS MAY COME, GREETING: *Whereas*, it appears to my satisfaction by duly authenticated record of the proceedings for the voluntary dissolution thereof by the unanimous consent of all the stockholders, deposited in my office, that the Company, a Corporation of this State, whose principal office is situated at No. Street, in the of , County of , State of New Jersey (being the agent therein and in charge thereof upon whom process may be served), has complied with the requirements of "An Act concerning Corporations (Revision of 1896)," preliminary to the issuing of this

CERTIFICATE OF DISSOLUTION.

Now, therefore, I, , Secretary of State of the State of New Jersey, do hereby certify that the said Corporation did, on the day of , 19 , file in my office a duly executed and attested consent in writing to the dissolution of said Corporation executed by all the stockholders thereof, which said consent and the record of the proceedings aforesaid are now on file in my said office, as provided by law.

In Testimony Whereof, I have hereto set my hand and affixed my official seal at Trenton, this day of , A. D. 19 .

(L. S.) , *Secretary of State.*

CERTIFICATE OF DISSOLUTION BY VOTE OF DIRECTORS AND CONSENT OF STOCKHOLDERS (NOT UNANIMOUS).

The location of the principal office in this State is at No. Street, in the of , County of .

The name of the agent therein and in charge thereof, upon whom process against this Corporation may be served, is .

We, the undersigned, being a majority of the Board of Directors of the Company, do hereby certify that at a meeting of the said Board, called for that purpose, and held on the day of , A. D. 19 , said Board, by a majority of the whole Board, did adopt the following resolution:

Resolved, that in the judgment of this Board, it is advisable and most for the benefit of the Company that the same should be forthwith dissolved; and to that end it is ordered that a meeting of the stockholders be held on , the day of , A. D. 19 , at M., at the office of the Company, in the city of , to take action upon this resolution; and, further, that the Secretary forthwith give notice of said meeting, and of the adoption of this resolution, within ten days from this date, by publishing the said resolution, with a notice of its adoption, in the , a newspaper published in the of , for at least four weeks, once a week, successively, and by mailing a written or printed copy of the same to each and every stockholder of this Company in the United States.

In Witness Whereof, we have hereunto set our hands and affixed the corporate seal of said Company this day of , A. D. 19 .

(L. S.)

Attest: , *Secretary*.

Consent of Stockholders to Dissolution.

Whereas, on the day of , A. D. 19 , the Directors of the Company, by a majority vote of the whole Board, at a meeting called for that purpose, of which meeting every Director received at least three days' notice, did adopt a resolution in the words or to the effect following, to wit:

"*Resolved*, that in the judgment of the Board it is advisable and most for the benefit of the Company that the same should be forthwith dissolved, and to that end it is ordered that a meeting of the stockholders be held on , the day of , A. D. 19 , at M., at the office of the Company, in , to take action upon this resolution; and, further, that the Secretary forthwith give notice of said meeting, and of the adoption of this resolution, within ten days from this date, by publishing the said resolution with a notice of its adoption in the , a newspaper published in , for at least four weeks, once a week, successively, and by mailing a written or printed copy of the same to each and every stockholder of this Company in the United States."

And, Whereas, the Secretary of the said Company did give notice of the meeting of stockholders, called by said resolution, as required by law and the said resolution;

Now, therefore, we, the subscribers, being more than two-thirds in interest of all the stockholders, assembled in pursuance of said resolution and notice, have consented, and do hereby consent, that the said Company be forthwith dissolved as proposed in said resolution.

Witness our hands this day of , A. D. 19 .

Shares.

Shares.

Attest: , *Secretary*.

State of New Jersey, }
County of } ss.

, being duly sworn, on his oath says, that he is the Secretary of the Company, that he saw , being more than two-thirds in interest of the stockholders of said Company, at a meeting duly called for the purpose as above recited, sign the foregoing certificate of consent as their voluntary act and deed, and that deponent at the same time subscribed the same as attesting witness, and deponent further says that on the day of , A. D. 19 , he mailed a printed copy of the resolution above recited, with a notice of the adoption thereof, to each and every stockholder of said Company residing in the United States, and also caused the same to be duly published as required by the said

resolution; and deponent further says that the said resolution of the Board of Directors was duly adopted upon lawful notice as in the certificate above recited.

Sworn and subscribed before me this day of , A. D. 19 .

AFFIDAVIT OF PUBLICATION.

State of New Jersey, } ss.
County of }

, of lawful age, being duly sworn according to law, doth depose and say, that he is of , a newspaper printed and published in the of , County of , State of New Jersey, and that the notice, of which the annexed printed slip is a true copy, has been published in said newspaper, successively, once in each week, for the period of four weeks, commencing on the day of , 19 .

Sworn and subscribed before me the day of , A. D. 19 .

(Attach copy of advertisement.)

LIST OF DIRECTORS AND OFFICERS AT TIME OF DISSOLUTION.

As required by "An Act concerning Corporations (Revision of 1896)," the Board of Directors of the Company render the following statement to be filed in the office of the Secretary of State of the State of New Jersey, upon the dissolution of said Company.

The location of the principal office in this State is at No. Street, in the of , County of .

The name of the agent therein and in charge thereof, and upon whom process against the Corporation may be served, is .

The following is a list of the names and residences of the Directors and officers of said Company.

Names.	Residences.

The officers of the Company are:

President, .
Vice-President, .
2d Vice-President, .
3d Vice-President, .
Secretary, .
Treasurer, .

Dated , 19 .

The foregoing statement is correct and true. , *President.*

Attest: , *Secretary.*

CERTIFICATE OF FILING OF CONSENT TO DISSOLUTION ISSUED BY SECRETARY OF STATE.

STATE OF NEW JERSEY. DEPARTMENT OF STATE.

CERTIFICATE OF FILING OF CONSENT BY STOCKHOLDERS TO DISSOLUTION.

TO ALL TO WHOM THESE PRESENTS MAY COME, GREETING:

Whereas, it appears to my satisfaction by duly authenticated record of the proceedings for the voluntary dissolution thereof deposited in my office, that the Company, a Corporation of New Jersey, whose principal office is situated at No. Street, in the of , County of , State of New Jersey (being the agent therein and in charge thereof upon whom process may be served) has complied with the requirements of "An Act concerning Corporations (Revision of 1896)," preliminary to the issuing of this certificate that such consent has been filed:

Now, therefore, I, , Secretary of State of the State of New Jersey, do hereby certify that the said Corporation did, on the day of , 19 , file in my office a duly executed and attested consent in writing to the dissolution of said Corporation executed by more than two-thirds in interest of the stockholders thereof, which said certificate, and the record of the proceedings aforesaid, are now on file in my said office as provided by law.

In Testimony Whereof, I have hereto set my hand and affixed my official seal at Trenton, this day of , A. D. 19 .

(SEAL.)

, *Secretary of State.*

VOLUNTARY DISSOLUTION.

New York Forms.

IN THE MATTER OF THE VOLUNTARY DISSOLUTION OF THE COMPANY.

We, the undersigned, , President, and , Secretary, respectively, of the Company, a stock corporation organized under the laws of the State of New York, do hereby, for the purpose of complying with the provisions of section 57 of the Stock Corporation Law in relation to voluntary dissolution of corporations, make and attest this certificate and attach the consent, verified statements, and proofs required by said section, as follows, to wit:

That the Board of Directors of such Corporation, at a meeting called for that purpose, held at its office in the City of New York, State of New York, on the day of December, 190 , at ten o'clock in the forenoon, of which meeting a waiver of notice was signed by all the Directors, as appears by the copy of said waiver hereto annexed and forming part hereof, by a vote of a majority of the whole Board adopted the following resolution:

"*Resolved*, that in the opinion of this Board of Directors it is advisable to dissolve the Corporation forthwith, pursuant to section 57 of the Stock Corporation Law, and that a meeting of the stockholders of the Corporation be called to be held at the office of the Corporation at New York City, New York, on the 8th day of January, 190 , at ten A. M., for the purpose of voting upon a proposition that the Corporation be forthwith dissolved; and be it further

"*Resolved*, that the Secretary cause a notice of such meeting to be both published and served or mailed, according to law; that the Secretary or Treasurer and the President or Vice-President of the Corporation execute a certificate showing the adoption of this resolution, and setting forth the proceedings of the meeting to be held by the stockholders, and that they also attest the written consent of the stockholders that the Corporation be dissolved; and be it further

"*Resolved*, that such officers cause such certificate and consent, with the powers of attorney of stockholders executing such consent by attorney, to be filed in the office of the Secretary of State, together with a duly verified statement of the names and residences of the existing Board of Directors and the names and residences of the officers of the Corporation, and proofs of publication and service of all statutory notices."

That notice of a meeting of the stockholders of said Corporation for the purpose of voting upon a proposition that such Corporation be forthwith dissolved, was published in the , a newspaper published and circulating in New York County, that being the county wherein such Corporation has its principal office, once a week for three weeks successively next preceding the time appointed for holding such meeting, as appears by the proof of publication of said notice which is hereto annexed and forms part of this certificate.

That on or before the day of the first publication of such notice, to wit, on the day of December, 190 , a copy thereof was served personally on each stockholder or mailed to him at his last known post-office address, as more fully appears by the affidavit of , which is hereto annexed and forms part hereof.

That pursuant to such notice a meeting of the stockholders was held on the 8th day of January, 190 , at ten A. M., at the office of the Corporation in the city of

New York, that being the city in which the last preceding annual meeting of the Corporation was held.

That at such meeting the holders of more than two-thirds in amount of the stock of the Corporation then outstanding appeared in person or by attorney and organized said meeting by choosing as chairman and as secretary thereof.

That the notice of the meeting and proof of the statutory publication and service thereof were presented and read.

That upon motion the following resolution was adopted by the affirmative vote of holders of more than two-thirds in amount of the stock, to wit:

"*Resolved*, that the action of the Board of Directors favoring dissolution of this Corporation forthwith be and the same is hereby approved, and that we, the stockholders of the Company, consent that such dissolution shall take place, and signify such consent in writing in conformity with the statute in such case made and provided."

That the votes of holders of at least two-thirds in amount of the stock of the Corporation then outstanding, having been cast in favor of such resolution, the same was declared duly adopted.

Thereupon the consent in writing that such Corporation be dissolved forthwith was executed either in person or by attorney by the holders of two-thirds in amount of the stock of the Corporation then outstanding, to wit, the holders of shares did so signify their consent, which consent, together with the powers of attorney signed by such stockholders executing such consent by attorney is hereto annexed and forms part hereof.

In Witness Whereof, we have made and signed this certificate this day of January, 190 .

, *President.*
, *Secretary.*

State of New York, }
County of New York, } ss.

and , being severally duly sworn, each for himself deposes and says that the said is President of the Company, and the said is Secretary, and that the foregoing certificate signed by them, respectively, is true according to the best knowledge, information, and belief of each of said deponents.

Deponents further say, and each for himself says, that the annexed written consent of the stockholders of said Corporation, executed either in person or by attorney, consenting to the dissolution of said Corporation, was so executed at said meeting of stockholders held as in said foregoing certificate mentioned on the 8th day of January, 190 , and that the number of shares set opposite each signature to such consent is the number of shares standing on the books of the Corporation in the name of such consenting stockholder, and that the total number of shares outstanding issued by said Corporation is , and that the number of consenting shares is in excess of two-thirds in amount of the stock of said Corporation so outstanding as aforesaid.

, *President.*
, *Secretary.*

Sworn to before me this day of January, 190 .

, *Notary Public.*

CONSENT OF STOCKHOLDERS.

We, the undersigned, stockholders of the Company, being the holders of at least two-thirds in amount of the stock of said Company now outstanding, have consented, and do hereby signify our consent, that the said Company shall be forthwith dissolved, and we do hereby sign this instrument for the purpose of signifying such consent in writing as required by section 57 of the Stock Corporation Law.

In Witness Whereof, we have hereunto set our hands and opposite thereto the

number of shares of stock held by us, respectively, this day of January, 190 .

Names.	Number of Shares.

Attested by , *President.*
, *Secretary*

STATEMENT OF BOARD OF DIRECTORS.

The following is a statement of the names and residences of the existing Board of Directors of Company, and of the names and residences of its officers.

Names (Directors).	Residences.

Names (Officers).	Residences.
, President,	
, Vice-President,	
, Secretary,	
, Treasurer,	

State of New York, }
County of New York, } ss.

, being duly sworn, says that he is the of the Company, and that the foregoing statement of the names and residences of the existing Directors and officers of said Company is true.

Sworn to before me, this day of January, 190 .

, *Notary Public.*

EXHIBIT "A."

TO THE STOCKHOLDERS OF THE COMPANY:

You are hereby notified that the Board of Directors of the Company, at a meeting of said Board, held on the 8th day of December, 190 , *Resolved*, "That it is advisable to dissolve the Corporation, , forthwith;" and *further resolved*, "that a meeting of the stockholders of this Company be called to vote upon a proposition that such Corporation be forthwith dissolved."

And you are further notified that a meeting of the stockholders of the Company will be held on the 8th day of January, 190 , at the office of the Company, No. , New York City, Borough of , at 10 A. M., for the purpose of voting upon a proposition that the said Corporation, Company, be forthwith dissolved, in pursuance of the statute providing for voluntary dissolution of Corporation, and also directing the proper officers of said Company to take the proceedings prescribed by statute in such case made and provided to effect said dissolution.

Dated New York City, New York, December 8, 190 .

By order of the Board of Directors.

, *President.*
, *Secretary.*

(SEAL OF THE CORPORATION.)

IN THE MATTER OF THE VOLUNTARY DISSOLUTION OF THE ——————— COMPANY.

State of New York, }
County of New York, } ss.

, being duly sworn, says: I. That he is the publisher of the , a newspaper published at New York City, Borough of , State of New York.

II. That the notice to the stockholders of the Company of a meeting of said stockholders to be held on the 8th day of January, 190 (a printed copy of said notice being hereto attached marked "Exhibit A," and hereby made

a part of this affidavit), was published in said paper once in each week for three weeks successively next preceding the said 8th day of January, 190 , the first publication being on the day of December, 190 , the second publication being on the day of December, 190 , and the last publication being on the day of January, 190 .

Subscribed and sworn to before me this day of January, 190 .
, *Notary Public.*

Minutes of a meeting of the stockholders of the Company, held at the office of the Company in the city of , New York, January 8, 190 , at ten o'clock in the forenoon :

The following stockholders were present in person:

Names.	Number of Shares.

By proxy:

Names.	Name of Proxy.	Number of Shares.

The President called the meeting to order and presided.

The Secretary presented his affidavit of proof of mailing notices of the meeting to each stockholder, and also the affidavit of publication of the notice of the meeting, as required by law. On motion same were ordered to be filed with the Secretary.

The following resolution was then presented to the meeting:

Resolved, that the action of the Board of Directors, favoring the dissolution of this Corporation forthwith, be and the same hereby is approved, and that we, the stockholders of the Company, consent that such dissolution shall take place and signify such consent in writing, in conformity with the statute in such case made and provided.

and , inspectors, reported that votes had been cast in favor of the adoption of said resolution, and that no votes had been cast in opposition thereto.

It appearing to the chairman that the votes of holders of at least two-thirds in amount of the stock of the Corporation, then outstanding, had been cast in favor of the adoption of such resolution, he thereupon declared the same duly adopted.

On motion duly made and seconded, it was

Resolved, that the President and Secretary prepare the necessary papers for the purpose of carrying into effect the foregoing resolution.

No further business was presented, and on motion the meeting adjourned.
, *Secretary.*

Approved: , *Chairman.*

COMPOSITE FORM OF MINUTES

For New York, New Jersey, South Dakota, Arizona, Nevada, West Virginia, Delaware, and other leading Incorporating States.

Minutes of Incorporators' Meeting.

———— Company.

1. The first meeting of the corporation was held on the day of , 190 , at o'clock in the noon, at the (principal or business) office of the Company, in the City of , State of , pursuant to a written waiver of notice, signed by all the incorporators, fixing said time and place.

The following incorporators were present in person:

The following incorporators were represented by proxy:

On motion duly made and seconded, Mr. was elected Chairman, and Mr. was appointed Secretary of the meeting.

4. The Chairman reported that the certificate of incorporation of the Company had been filed in the office of the Secretary of State of on the day of , 190 . The Secretary presented a copy of said certificate of incorporation, and on motion duly made and seconded a copy thereof was ordered spread upon the minutes:

(Insert copy of certificate of incorporation.)

(In the following States Section 4 is omitted and sections referred to inserted in its place: Delaware, A; Arizona, A; New Jersey, A.)

5. The Secretary presented and read the waiver of notice of the meeting, which was ordered spread upon the minutes:

(Insert waiver of notice. See Appendix.)

6. The proxy (or proxies) above mentioned was (or were) presented and ordered filed.

(Form of proxy same in all States. See Appendix.)

7. The Secretary presented a form of by-laws for the regulation of the affairs of the company, which were read article by article and unanimously adopted, and a copy thereof ordered spread upon the minutes:

(Insert by-laws.)

8. Messrs. and were appointed inspectors of election, and the oath was duly administered to them. (For such States as require the appointment of inspectors by stockholders. In New York the provision as to inspectors is omitted, for the reason that the inspectors (on organization) are appointed by the Directors for the first year.)

9. The Secretary presented the following transfers of subscription, to take effect when accepted by the company.

Transferor.	Transferee.	No. of Shares.

(Form of transfer same for all States. See Appendix.)

(Not necessary in States where incorporators need not be subscribers to stock; for example, South Dakota.)

On motion duly made and seconded, said transfers were accepted in behalf of the company.

10. (New York and South Dakota.) On motion duly made and seconded, it was

Resolved, that the Board of Directors as named in the Articles of Incorporation shall constitute the members of the Board of Directors for the ensuing year and until their successors are elected and qualify.

(For Delaware, see Delaware B; for Arizona, see Arizona B; for New Jersey, West Virginia, and Nevada, see New Jersey B.)

11. On motion duly made and seconded, it was

Resolved, that in compliance with the laws of and the certificate of incorporation of the company the principal (or registered) office of the company be established and maintained at the office of in the city of (and that a sign with the company's name thereon be conspicuously displayed at the entrance of said office, Note A); and be it further

(Note A. Insert where required by statute.)

(The following inserted for New Jersey, Delaware, South Dakota, Arizona, and West Virginia.)

Resolved, that be and he hereby is appointed the agent of this company in charge of said office and upon whom process against this company may be served; and be it further

Resolved, that the President and Secretary be and they hereby are authorized to sign and seal with the company's seal a certificate of authorization to said in the form presented at this meeting.

12. Upon motion duly made and seconded, and by the affirmative vote of all present, it was

Resolved, that the Board of Directors be and they hereby are authorized and directed to issue shares of the capital stock of this company to the full amount authorized by the certificate of incorporation, in such amounts from time to time as may be determined by the Board and as may be permitted by law, and in their discretion to accept in full or part payment of any share or shares such property as the Board may determine shall be necessary for the business of the company.

13. (The following clause is inserted where stock is made full paid by issuance of stock for property or patent rights. This form is applicable to all States.)

Upon motion duly made and seconded, and by the affirmative vote of all present, the following preambles and resolutions were unanimously adopted:

Whereas, the stockholders and Board of Directors of this company have received a proposition reading as follows, to wit:

To the Stockholders and Board of Directors of the Company:

Gentlemen: I, the undersigned, am the owner of the following-described property, to wit: (insert brief description of property).

(If patent rights, insert the following:)

Letters patent of , numbered , heretofore on the day of issued to me, being for a certain new and useful improvement in .

I hereby offer to sell, assign, and transfer to your company the above-described property (or patent rights) in consideration of the issuance to me, or my nominees or assigns, within thirty days from date hereof, of shares of the capital stock of your company of the par value of dollars per share, aggregating dollars in amount.

This offer is made subject to acceptance by your corporation within ten days from date hereof. If the said offer is not accepted within said time, the same shall forthwith become null and void.

Respectfully submitted,

_____

And

Whereas, it appears to the stockholders that said property is necessary for the business of the company, and that the same is of the fair value of dollars; Now, therefore, be it

Resolved, that the Board of Directors be and they hereby are authorized in their discretion to purchase the property (or patent rights) above described for the said price and to issue said stock in payment therefor, to said , his nominees or assigns.

14. Where stock is issued for services performed, the following clause should be inserted:

Whereas, has heretofore and between the day of and the day of , performed certain services at the instance and request and for the use and benefit of said Company; and

Whereas, it appears to the stockholders of this company that said services were necessary and proper in the premises and were of the fair and reasonable value of dollars; Now, therefore, be it

Resolved, that the Board of Directors of this company be and they hereby are authorized and directed to issue to said , in full payment and in settlement for said services, shares of the capital stock of this company of the par value of dollars per share, aggregating dollars in amount.

15. Upon motion duly made and seconded, and by the affirmative vote of all present, the following preambles and resolution were adopted:

Whereas, it has been agreed between each of the incorporators and that the stock to be issued in payment of the property (or patent rights) authorized to be purchased (or services performed on behalf of the company), as set

forth in the foregoing resolution, shall include the stock subscribed by the incorporators: Now, therefore, be it

Resolved, that the Board of Directors be and they hereby are authorized and directed to accept said property (patent rights, or services heretofore performed) as full payment of the subscription for stock of the incorporators, and to issue full-paid stock to the incorporators or their assigns to the amount of their respective subscriptions.

(This section is omitted where the incorporators are not subscribers to the stock.)

No further business was presented, and on motion the meeting adjourned.

, *Secretary*

Approved: , *Chairman.*

(Delaware A.) The Chairman reported that the certificate of incorporation of the company was filed on the day of , 190 , at o'clock in the noon in the office of the Secretary of State, and a certified copy thereof recorded in the office of the Recorder of Deeds for the County of , on the day of , 190 , in Certificate of Incorporation Records, vol. , page , etc. The Secretary presented a copy of said certificate of incorporation, which was, on motion duly made and seconded, ordered spread upon the minutes:

(Delaware B.) On motion duly made and seconded, it was

Resolved, that the incorporators proceed to the election of Directors. The polls were thereupon opened, and remained open until all the incorporators had voted. The polls thereupon being closed, the vote was canvassed, and the Chairman reported that the following named persons were unanimously elected Directors, votes representing shares having been cast for each of said persons, to wit:

Name.	Number of Votes.

The Secretary reported that all the newly elected Directors were subscribers to at least three shares of stock of the company and therefore eligible to nomination and election as Directors.

(Arizona A.) The Chairman reported that the certificate of incorporation of the company was filed in the office of the County Recorder of County, Territory of Arizona, on the day of , 190 , and a certified copy thereof filed in the office of the Territorial Auditor on the day of , 190 . The Secretary presented a copy of said certificate of incorporation. On motion duly made and seconded, a copy thereof was ordered spread upon the minutes.

(Arizona B.) Messrs. were nominated for directors of the company to hold office for the ensuing year. No other nominations having been had, the polls were duly opened, and ballot having been duly had, and all the stockholders having voted, the polls were declared closed. The inspectors presented their certificate showing that the above named persons had received the greatest number of votes. The Chairman announced that the foregoing gentlemen had been duly elected Directors of the Company.

(New Jersey A.) The Chairman reported that the certificate of incorporation of the company was recorded in the office of the Clerk of County, on the day of , 190 , and was filed on the day of , 190 , in the office of the Secretary of State. The Secretary presented a copy of said certificate of incorporation, which was, on motion duly made and seconded, ordered filed, and a copy thereof ordered spread upon the minutes.

(New Jersey B.) Messrs. were nominated for Directors of the company, to hold office for the ensuing year. No other nominations having been made, the polls were duly opened, and ballot having been duly had, and all the stockholders having voted, the polls were declared closed, and the inspectors presented their certificate showing that the aforesaid gentlemen had received the greatest number of votes. The Chairman thereupon declared that the aforesaid gentlemen had been duly elected Directors of the Company.

APPENDIX.

Waiver of Notice of Meeting of Incorporators.

We, the undersigned, incorporators of the Company, a corporation under the laws of the State of , hereby waive notice of the time, place, and purpose of the first meeting of the corporation, and fix the day of , 190 , at o'clock in the noon, as the time, and the office of the company in the City of as the place of said meeting.

And we do hereby waive all requirements of the statutes of as to notice of this meeting and publication thereof; and consent to the transaction of such business as may come before said meetings.

Dated 190 .

Proxy. Meeting of Incorporators.

The undersigned (Note A — a subscriber to shares of stock of the capital stock of Company) hereby appoints as proxy with full power of substitution and revocation to vote for and on behalf of the undersigned at the first meeting of the corporation to be held , 190 , and at any adjournment thereof.

(Note A. Where the statute does not require company to begin business with a fixed amount, Part A can be omitted. Therefore omit in South Dakota and Arizona.)

Witness my hand and seal this day of , 190 .

In presence of

Transfer of Subscription.

The undersigned, for good and valuable considerations received, has sold, assigned, transferred, and set over, and by these presents does sell, assign, transfer, and set over unto the right, title, and interest of the undersigned as a subscriber to and an incorporator of the Company, to the extent of shares of the capital stock thereof, and hereby requests and directs the said company to issue the certificate for said share to the aforesaid transferee or his nominee or assigns.

This transfer to take effect upon the acceptance thereof by the company, the undersigned meanwhile retaining the right to vote upon said shares.

In Witness Whereof, I have hereunto set my hand and seal this day of , 190 .

Witness:

Inspectors' Oath and Certificate.

State of }
County of } ss.

and being severally sworn, upon their respective oaths do promise and swear that they will faithfully, honestly, and impartially perform the duties of inspectors of election, to be held this day for Directors of the Company, and a true report made of the same.

Subscribed and sworn to before
me this day of , 190 .

Notary Public.

The undersigned, inspectors of election, report that having taken an oath impartially to conduct the election of directors of the above-named company, we did receive the votes of the stockholders by ballot, and that the following persons received the number of votes set opposite their respective names, to wit:

For Directors. Number of Votes.

Dated , *Inspectors.*

COMPOSITE FORM OF BY-LAWS.

For New York, New Jersey, South Dakota, Delaware, Arizona, West Virginia, Nevada, etc.

Article I. Title, Location.

Sec. 1. The title of the corporation is:

Sec. 2. The registered (or principal) office shall be in the city of , State of . (The agent in charge of said office upon whom process against the company may be served is .)

Sec. 3. The company may also have an office in the city of , State of , and also have offices in such other places as the board of directors may appoint.

Article II. Meetings of Stockholders.

Sec. 1. The annual meetings of the stockholders of this corporation shall be held at the registered (or principal or business) office of the corporation in the city of , State of , on the day of in each year, at o'clock M., for the election of directors and the transaction of such other business as may properly come before the meeting. Notice of the time, place, and object of such meeting shall be given (Note A, by publication thereof in a newspaper published in the county where election is held at least once in each week for two successive weeks immediately preceding such meeting; and) by mailing at least days previous to such meeting, postage prepaid, a copy of such notice addressed to each stockholder at his residence or place of business as the same shall appear on the books of the corporation. No business other than that stated in such notice shall be transacted at such meeting without the unanimous consent of all the stockholders present thereat in person or by proxy.

(Note A. In New York notice of annual meetings must be by publication and mailing notices. In other States the notice may usually be given either by publication or by mailing.)

(Note, place of meeting.) In South Dakota meetings should be held at the business office as provided in the articles of incorporation. In Delaware the first meeting of stockholders may be held within or without the State; subsequent meetings are held in the place fixed by the by-laws. In New York and New Jersey within the State. In Nevada and West Virginia meetings may be held outside of the State if the by-laws so provide.

Sec. 2. Special meetings of the stockholders shall be held at the registered (or principal) office of the company (or at the business office of the company in , Note A) in , and may be called at any time by a majority of the directors, or by a call signed by stockholders holding one-third of the voting stock of the company. Notice of every special meeting, stating the time, place, and object thereof, shall be given by mailing, postage prepaid, at least days before such meeting, a copy of such notice, addressed to each stockholder at his post-office address as the same appears on the books of the company.

(Note A. Insert place where meetings may be held outside of the State. See note to section 1, *ante*.)

Sec. 3. At all meetings of stockholders there shall be present, either in person or by proxy, stockholders owning a majority of the outstanding capital stock of the corporation in order to constitute a quorum, except (Note A, at special elections of directors where the members attending shall constitute a quorum, and except) where otherwise provided by statute or by the certificate of incorporation.

(Note A. Inserted for New York only.)

Sec. 4. At all meetings of stockholders only such persons shall be entitled to vote in person or by proxy who shall appear as stockholders on the transfer books

of the corporation for (Note A) days immediately preceding such meeting. At any regular or special meeting each stockholder shall be entitled to one vote for every share of stock held in his name.

Note A. In New York transfers must be allowed up to within forty days of election. In New Jersey, Nevada, and Delaware up to within twenty days. In West Virginia no definite time is fixed.

Where cumulative voting for directors has been provided for, insert the following provision (Note B):

In all elections for directors each stockholder may cumulate his shares, and give one candidate as many votes as the number of directors to be elected, multiplied by the number of his shares of stock, shall equal, or distribute them on the same principle among as many candidates as he shall think fit.

Note B. Cumulative voting if desired should always be provided for in the certificate of incorporation. In West Virginia cumulative voting for directors is required by statute and must appear in by-laws. In Nevada stockholders have right of voting cumulatively unless articles of incorporation provide otherwise.

Sec. 5 (for New Jersey and Nevada). At each meeting of the stockholders a full, true, and complete list, in alphabetical order, of all the stockholders entitled to vote at such meeting, with the number of shares held by each, certified by the secretary or the treasurer, shall be furnished. At least ten days before each annual meeting, a like list, containing also the residences of the stockholders, shall be filed in the registered office as required by statute.

Sec. 6 (all States except New York). At all elections of Directors the polls shall be opened and closed, the proxies shall be received and taken in charge, all questions touching the qualification of voters and the validity of proxies, and the acceptance or rejection of votes shall be decided and all ballots shall be received and counted by two inspectors. Such inspectors shall be appointed by the presiding officer of the meeting, shall be sworn to faithfully perform their duties, and shall, in writing, certify to the returns. No candidate for election as director shall be appointed or act as inspector.

Sec. 7 (for New York only). Two inspectors of election shall be elected at each annual meeting of the stockholders to conduct the election of directors for the ensuing year, except that the inspectors who are to serve for the first year of the corporation shall be appointed by the Board of Directors at their first meeting. Such inspectors shall be sworn to the faithful discharge of their duty, and in event of the absence, inability, or refusal of either to serve, the meeting may appoint an inspector in his place.

Sec. 8. At the annual meetings of stockholders the following shall be the order of business: 1. Calling of roll; 2. Proof of notice of meeting; 3. Report of president; 4. Report of treasurer; 5. Report of secretary; 6. Report of committees; 7. Appointment of inspectors of election of directors; 8. Election of directors; 9. Miscellaneous business.

Sec. 9. At all meetings of stockholders all questions, except the question of an amendment to the by-laws and the election of directors, and all such other questions the manner of deciding which is especially regulated by statute, shall be determined by a majority vote of the stockholders present in person or by proxy; provided, however, that any qualified voter may demand a stock vote, and in that case such stock vote shall immediately be taken, and each stockholder present in person or by proxy, shall be entitled to one vote for each share of stock owned by him as provided in section 4. All voting shall be *viva voce*, except that a stock vote shall be by ballot, each of which shall state the name of the stockholder voting and the number of shares owned by him, and in addition if such ballot be cast by a proxy, it shall also state the name of such proxy.

Article III. Directors.

Sec. 1. The directors of this corporation, in number, of whom at least (A) shall be a resident of , shall be elected by ballot, for the term of one year, at the annual meeting of stockholders, except as hereinafter provided for filling vacancies.

The directors shall be chosen by a plurality vote of the stockholders, voting either in person or by proxy at each annual election. The directors shall each hold at least (B) shares of stock.

NOTE A. In New York, New Jersey, and Delaware at least one director shall be a resident of the State; in Arizona, Nevada, and South Dakota omit provision as to residence; in West Virginia directors need not be residents of the State if by-laws so provide. In West Virginia number of directors must be set out in by-laws.

NOTE B. In New York, New Jersey, Arizona, West Virginia, South Dakota, and Nevada each director should ordinarily hold at least one share; in Delaware three shares.

SEC. 2. Vacancies in the board of directors occurring during the year shall be filled for the unexpired term by a majority vote of the remaining directors at any special meeting called for that purpose or any regular meeting of the board.

SEC. 3. In case the entire board of directors shall die or resign, any stockholder may call a special meeting of stockholders in the same manner that the president may call such meeting, and directors for the unexpired term may be elected at such special meeting in the manner provided for their election at annual meetings.

SEC. 4. The board of directors may adopt such rules and regulations for the conduct of their meetings and management of the affairs of the corporation as they deem proper, not inconsistent with the laws of the State of or these by-laws.

ARTICLE IV. MEETINGS OF DIRECTORS.

SEC. 1. The board of directors shall meet on the day of every month, or whenever called together by the president upon due notice given to each director. On the written request of any director the secretary shall call a special meeting of the board. At such meeting a majority shall constitute a quorum for the transaction of business.

SEC. 2. Meetings of the board of directors of this company or of the executive committee appointed thereby, may be held either at the principal office of the company at , county of and State of , or at the business office of the company to be opened and maintained by it at the city of , State of .

ARTICLE V. POWERS OF DIRECTORS.

SEC. 1. The board of directors shall have management of the business of the company, and in addition to the powers and authorities by these by-laws expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the corporation, but subject, nevertheless, to the provisions of the statute, of the charter, and of these by-laws, and to any regulations from time to time made by the stockholders, provided that no regulations so made shall invalidate any prior act of the directors which would have been valid if such regulation had not been made.

SEC. 2. Without prejudice to the general powers conferred by the last preceding clause and the other powers conferred by these by-laws, it is hereby expressly declared that the board of directors shall have the following powers, that is to say:

a. To purchase or otherwise acquire for the company any property, rights, or privileges which the company is authorized to acquire at such prices and on such terms and conditions and for such consideration as they think fit.

b. At their discretion to pay for any property or rights acquired by the company, either wholly or partially in money, or in stock, bonds, debentures, or other securities of the company.

c. To appoint and at their discretion to remove or suspend such subordinate managers, officers, assistants, clerks, agents, and servants permanently or temporarily, as they may from time to time think fit, and to determine their duties, and fix, and from time to time change, their salaries or emoluments, and to require security in such instances and in such amounts as they think fit.

d. To confer by resolution upon any officer of the company the right to choose, remove, or suspend such subordinate officers, agents, or factors.

e. To appoint any person or persons to accept and hold in trust for the company any property belonging to the company, or in which it is interested, or for any other purpose, and to execute and do all such duties and things as may be requisite in relation to any such trust.

f. To determine who shall be authorized to sign on the company's behalf bills, notes, receipts, acceptances, endorsements, checks, releases, contracts, and documents.

g. From time to time to provide for the management of the affairs of the company at home or abroad in such manner as they think fit, and, in particular, from time to time to delegate any of the powers of the board of directors (which may be lawfully delegated, Note A) to any committee, officer, or agent, and to appoint any persons to be the agents of the company, with such powers (including the power to sub-delegate) and upon such terms as may be thought fit.

(NOTE A. Insert for New York only.)

ARTICLE VI. EXECUTIVE COMMITTEE AND OTHER COMMITTEES.

Sec. 1. The board of directors may appoint of their own number to act as an executive committee to serve during the life of the board that appointed it.

(The powers of the executive committee depend upon the statutes, and therefore the above will vary with reference to particular powers that may be delegated by the board to committees.)

Sec. 2. The executive committee shall have entire control and supervision of all of the property and business affairs of the corporation, and shall have and exercise all the powers and privileges which are possessed and exercised by the board of directors.

Sec. 3. All action by the executive committee shall be reported to the board at its meeting next succeeding, and such action shall be subject to revision or alteration by the board provided that no rights of third parties shall be affected by any such revision or alteration.

Sec. 4. From time to time the board may appoint any other committee or committees for any purpose or purposes who shall have such powers as shall be specified in the resolution of appointment.

ARTICLE VII. OFFICERS.

Sec. 1. The board of directors immediately after the annual meeting shall choose one of their number by a majority vote to be president, and it shall appoint a vice-president, secretary, and treasurer and such subordinate officers as it shall deem necessary. Each of such officers shall serve for the term of one year or until the next annual election. Vacancies occurring among the officers may be filled by the board of directors for the unexpired term.

Sec. 2. The *president* shall preside at all meetings of the board of directors, and shall act as chairman at, and call to order all meetings of the stockholders. He shall sign all certificates of stock (and countersign all checks, bills, and notes drawn by the treasurer). He shall submit a complete report of the operations and conditions of the company for the year to the stockholders at their regular meeting in of each year, and from time to time shall report to the directors all matters within his knowledge which the interests of the company may require to be brought to their notice; he shall be an *ex officio* member of all standing committees, and shall have the general powers and duties of supervision and management usually vested in the office of a president of a corporation.

Sec. 3. The first, second, and third *vice-presidents* shall, in the absence or incapacity of the president, perform the duties of that officer in succession according to their rank unless the board shall otherwise determine.

Sec. 4. The *treasurer* shall have the custody of all the funds and securities of the corporation, and deposit the same in the name of the corporation in such bank or banks as the directors may elect; he shall sign all checks, drafts, notes, and orders for the payment of money (which shall be countersigned by the president) and he shall pay out and dispose of the same under the direction of the president. He shall at all reasonable times exhibit his books and accounts to any director or stockholder of the company upon application at the office of the company during business hours. (He shall sign all certificates of stock signed by the president, Note A); he shall give such bond for the faithful performance of his duties as the board of directors may require.

Note A. The president and secretary must sign in South Dakota. In New York, Arizona, Nevada, West Virginia, ordinarily the president and secretary or treasurer. In New Jersey and Delaware, the president and treasurer.

Sec. 5. The *secretary* shall keep the minutes of proceedings of the board of directors and the minutes of the meetings of stockholders; he shall attend to the giving and serving of all notices of the company; he shall affix the seal of the company to all certificates of stock; he shall have charge of the certificate book and such other books and papers as the board may direct; he shall attend to such correspondence as may be assigned to him, and perform all the duties incidental to his office. He shall also keep a stock book containing the names, alphabetically arranged, of all persons who are stockholders of the corporation, showing their places of residence, the number of shares held by them respectively, the time when they respectively became owners thereof, and the amount paid thereon, and such book shall be open for inspection of stockholders during the usual business hours (in New York at least three hours) at the office of the company. ("He shall be sworn to the faithful discharge of his duties," Note A.) ("He shall sign all certificates of stock signed by the president." See section 4, Note A.)

Note A. Necessary in Delaware, Nevada, and New Jersey, and usually provided.

(The following section should be inserted where counsel is provided for:)

Sec. 6. The *counsel* of the company shall prepare all such contracts and agreements required in the business of the company as may be referred to him by its officials; he shall inspect and pass upon all such instruments as may be presented to the company and be of sufficient importance to justify such examination. He shall also advise with the officers of the company in such legal matters pertaining to the affairs of the company as may require his consideration.

Article VIII. Capital Stock.

Sec. 1. Subscriptions to the capital stock must be paid to the treasurer at such times and in such instalments as the board of directors may by resolution require. Any failure to pay any instalment when required to be paid by the board of directors shall work a forfeiture of such share of stock in arrears.

Note. If preferred stock is provided for, the provisions and conditions of its issue should be set forth here.

If stock is to be made full-paid in the beginning, in consideration of the transfer of property, etc., section 1 may be omitted.

Sec. 2. Certificates of stock shall be numbered and registered in the order they are issued, and shall be signed by the president and by the treasurer ("Secretary," see Art. V. sec. 4, Note A), and the seal of the corporation shall be affixed thereto. All certificates shall be bound in a book, and shall be issued in consecutive order therefrom, and in the margin thereof shall be entered the name and address of the person owning the shares therein represented, the number of shares and the date of issuing thereof. All certificates exchanged or returned to the corporation shall be marked cancelled, with the date of cancellation by the secretary, and shall be immediately pasted in the certificate book opposite the memorandum of its issue.

Sec. 3. Transfers of shares shall only be made upon the books of the corporation by the holder in person or by power of attorney duly executed and acknowledged

and filed with the secretary of the corporation, and on the surrender of the certificate or certificates of such shares.

Sec. 4. The board may appoint a transfer agent and a registrar of transfers, and may require all stock certificates to bear the signature of either or both.

Sec. 5. Whenever the capital stock of the company is increased, each *bona fide* owner of its stock shall be entitled to purchase, at the par value thereof, an amount of stock in proportion to the number of shares of stock he owns in the corporation at the time of such increase.

Article IX. Dividends.

Sec. 1. Dividends shall be declared and paid out of the surplus profits of the corporation as often and at such times as the board may determine. No dividend shall be declared or paid that tends to curtail the effective operation of the business.

Article X. Seal.

Sec. 1. The seal of the corporation shall be in the form of a circle, and shall bear the name of the corporation and the year of its incorporation, and the words "corporate seal" (name of State).

Article XI. Notice.

Sec. 1. Whenever under the provisions of these by-laws notice is required to be given to any director, officer, or stockholder, it shall not be construed to be limited to personal notice, but such notice may be given in writing by depositing the same in the post-office or letter-box in a postpaid sealed wrapper, addressed to such director, officer, or stockholder, at his or her address as the same appears in the books of the corporation, and the time when the same shall be mailed shall be deemed to be the time of the giving of such notice.

Article XII. Waiver of Notice.

Sec. 1. Any stockholder, officer, or director may waive in writing any notice required to be given under these by-laws.

Article XIII. Amendments.

Sec. 1. The stockholders by a majority vote at any regular meeting thereof, or at any special meeting called for that purpose, may amend these by-laws by a majority vote of all the stock issued and outstanding, cast in favor of such amendment.

(If power to amend the by-laws is to be conferred upon the directors, provision to that effect should ordinarily be inserted in the certificate of incorporation. Where such provision has been made in the certificate of incorporation, the following section should be added to the by-laws:)

Sec. 2. The board of directors shall have power to make, amend, or repeal the by-laws of the company by the vote of a majority of all of the directors at any regular or special meeting of the board, provided that notice of intention to make, amend, or repeal the by-laws in whole or in part at such meeting shall have been previously given to each member of the board, or without any such notice, by a vote of two-thirds of all the directors.

MINUTES OF THE FIRST MEETING OF DIRECTORS.

1. The first meeting of the board of directors of Company was held at the office of the company in the City of , State of , on the day of , 190 , at o'clock in the noon.

2. Present: Messrs. constituting a majority of the board of directors.

3. Mr. was chosen temporary chairman, and Mr. was appointed temporary secretary of the meeting.

4. The secretary presented and read a waiver of notice of the meeting, signed by all the directors, and same was ordered spread upon the minutes:

(For form of waiver, see Appendix. Same in all States.)

5. (Insert following clause for New York only:)

Messrs. and were appointed inspectors of election for the ensuing year.

6. The minutes of the first meeting of incorporators were read.

7. The following gentlemen were unanimously elected officers of the company to serve for one year and until their successors are elected and qualify:

President,
Vice-President,
Second Vice-President,
Third Vice-President,
Secretary,
Treasurer,
General Manager, } (if desired).
Counsel, }

8. (Insert for New Jersey, Nevada, and Delaware.)

It was ordered that the secretary take the oath of office and subscribe the written oath in the form presented at this meeting. The secretary thereupon took and subscribed the oath, and entered upon the discharge of his duties.

(For form of oath, see Appendix.)

9. It was ordered that the treasurer give a bond in the sum of dollars in the form presented at this meeting, to be approved by the board, and submitted to them for their approval as to the sufficiency of the surety. The treasurer thereupon presented his bond, signed by himself as principal and as surety, and same was approved and ordered filed.

(By-laws generally make the giving of a bond at discretion of board.)

10. Upon motion duly made and seconded, it was

Resolved, that the seal presented at this meeting, an impression of which is directed to be made in the margin of the minute-book, be and the same hereby is adopted as the seal of the corporation.

(Seal)

11. Upon motion duly made and seconded, it was

Resolved, that the president and be and they hereby are authorized to issue certificates of stock in the form submitted to this meeting:

(President and secretary must sign in South Dakota; in New York, Arizona, Nevada, West Virginia, president and secretary or treasurer; in Delaware and New Jersey, president and treasurer.)

12. Upon motion duly made and seconded, it was

Resolved, that the treasurer be and he hereby is authorized to open a bank account in behalf of this company with the Bank of ; and be it further

Resolved, that until otherwise ordered, said Bank be and it hereby is designated as a depository of the funds of this company, and that the treasurer be and he hereby is authorized from time to time for and on behalf of this company to make or sign checks, drafts, notes, agreements, or other instruments (which shall be countersigned by the president); to endorse checks, drafts, or other instruments, to accept drafts or to procure loans, discounts or rediscounts, or advances; to do all acts incidental to any of the above matters, and to pay, adjust, or secure any

transaction, matter, or liability; and to do all acts therein, to pay all sums due; to accept and receive notices and demands, and generally to do all acts and things with reference to any transaction in the name of or on behalf of this corporation with said Bank or in carrying on its business relations therewith which said treasurer may see fit.

This resolution is to continue in force until formally rescinded and filing of due notice thereof with said bank.

14. Messrs. were appointed members of the executive committee, with all the powers given in the by-laws of this company.

15. Upon motion duly made and seconded, it was

Resolved, that an office of the company be established and maintained at the City of , State of , and that meetings of the board of directors from time to time may be held either at the (principal or registered) office in the State of , or such other office in the City of or elsewhere as the board of directors shall from time to time order.

16. (Where stock is issued for property, patent rights, etc., insert the following clause:)

Upon motion duly made and seconded, and by the affirmative vote of all present, the following preambles and resolution were unanimously adopted:

Whereas, at a meeting of the incorporators of this company, duly held on the day of , 190 , the following resolution was unanimously adopted:

"*Whereas*, the stockholders and board of directors of this company have received a proposition reading as following, to wit:

"To the Stockholders and Board of Directors of the Company:

"*Gentlemen*, — I, the undersigned, am the owner of the following-described property, to wit: (insert brief description of property).

(If patent rights, insert the following:)

"I, the undersigned, am the owner of the following-described patents heretofore issued to me, to wit:

"Letters patent of , numbered , heretofore on the day of issued to me, being for a certain new and useful improvement in ;

"I hereby offer to sell, assign, and transfer to your company the above-described property (or patent rights) in consideration of the issuance to me, or my nominees or assigns, within thirty days from date hereof, of shares of the capital stock of your company of the par value of dollars per share, aggregating dollars in amount.

"This offer is made subject to acceptance by your corporation within ten days from date hereof. If the said offer is not accepted within said time, the same shall forthwith become null and void.

"Respectfully submitted,

And

"*Whereas*, it appears to the stockholders that said property is necessary for the business of the company, and that the same is of the fair value of dollars; Now, therefore, be it

"*Resolved*, that the board of directors be and they hereby are authorized in their discretion to purchase the property (or patent rights) above described for the said price and to issue said stock in payment therefor, to said , his nominees or assigns."

And

Whereas, it appears to the directors that the above described property (or patent rights) is necessary for the business of this company; Now, therefore, be it

Resolved, that the company accept the offer of to sell to this company the property (or patent rights) above described, and the board of directors do hereby adjudge and declare that said property (or patent rights) is necessary for the business of this company, and that the same is of the fair value of dollars; and be it further

Resolved, that the President and be and they hereby are authorized

to issue certificates of full paid capital stock of this company to said , his nominees or assigns, to the aggregate amount of dollars, in payment therefor.

16. Where stock is issued for services performed, the following clause should be inserted:

Whereas, at a meeting of the incorporators of this company duly held on the day of , 190 , the following resolution was unanimously adopted:

"*Whereas*, has heretofore and between the day of and the day of performed certain services at the instance and request and for the use and benefit of said company; and

"*Whereas*, said has up to the present time received no compensation for such services; and

"*Whereas*, it appears to the stockholders of this company that said services were necessary and proper in the premises and were of the fair and reasonable value of dollars; Now, therefore, be it

"*Resolved*, that the board of directors of this company be and they hereby are authorized and directed to issue to said , in full payment and in settlement for said services of said , shares of the capital stock of this company of the par value of dollars per share, aggregating dollars in amount."

And

Whereas, it appears to the board of directors of this company that the above described services were necessary in the premises; Now, therefore, be it

Resolved, that the board of directors of this company hereby adjudge and declare that the above-described services, heretofore performed on behalf of this company by said , were necessary for the benefit of this company, and that the same were of the fair value of dollars; and be it further

Resolved, that the President and of this company be and they hereby are authorized to issue certificates of full paid capital stock of this company to said , his nominees or assigns, to the aggregate amount of dollars, in payment for said services.

17. Upon motion duly made and seconded, it was

Resolved, that payment of the subscriptions for stock of the incorporators (and directors) be deemed to be made by the property (or patent rights) agreed to be sold to the company (or services heretofore performed on behalf of the company) as set forth in the preceding resolution, it having been agreed between and the incorporators (and the directors) that the stock to be issued to said and his nominees under said agreement should include the stock subscribed by the incorporators (and directors).

18. Where stock is to be turned back to the company in trust, insert the following clause:

Upon motion duly made and seconded, and by the affirmative vote of all present, the following resolution was unanimously adopted:

Whereas, is the owner of shares of the capital stock of the Company, and is desirous of assigning the same to this company with a view to securing the necessary funds with which to carry on the business of this company and to provide a working capital therefor, said stock to be held by said company at all times in trust and to be disposed of under the direction of the board of directors of said company with a view to securing the necessary funds with which to carry on the business of this company; and

Whereas, the board of directors of this company believe that the acceptance of such stock is necessary to secure funds with which to carry on the business of this company and to provide a working capital therefor; Now, therefore, be it

Resolved, that the President and Secretary of this company be and they hereby are authorized upon the transfer by said to this company of said shares of the capital stock of this company in trust, to make and execute on behalf of this company a deed of trust to read in substance as follows, to wit:

This Agreement, entered into this day of , 190 , by and

between of the city of , State of , party of the first part, and the Company, a corporation organized and existing under the laws of the State of , party of the second part:

Witnesseth, as follows:

First. That in consideration of the mutual covenants herein contained, said party of the first part does hereby assign, transfer, and set over unto said party of the second part shares of the capital stock of said Company of the par value of dollars each, to be held by said party of the second part in trust and to be disposed of under the direction of the board of directors of said party of the second part with a view to securing the necessary funds with which to carry on the business for which said Company was formed, and to provide a working capital therefor.

Second. Said party of the second part hereby accepts the assignment and transfer of said shares of the capital stock of said Company, to be held by and disposed of by it for the purposes above stated.

Third. Said party of the second part further covenants and agrees that it will at all times hold and dispose of, under such terms and conditions as its board of directors shall prescribe, said shares of the common stock of said Company for the sole and exclusive use and benefit of said stockholders of said Company, with a view to securing adequate and sufficient working capital with which to carry on the business for which said Company was formed.

In Witness Whereof, said parties of the first and second parts have hereunto set their hands and seals this day of , 190 .

_____

Party of the first part.

_____ Company,

By _____, *President.*

Attest:

_____, *Secretary,*

Party of the second part.

19. Upon motion duly made and seconded and by the affirmative vote of all present, it was

Resolved, that this company endeavor to sell the above stock for the purposes outlined, and that the President and Secretary be and they hereby are authorized to sell said stock on behalf of this company upon such terms as to them may seem most advantageous to this company, and that they report progress in the sale of such stock from time to time, and whenever required by the board of directors. (If preferred, a resolution may be passed fixing the minimum price at which the stock may be sold.)

20. The Secretary presented the resignation of as director of the company to take effect . Upon motion duly made and seconded said resignation was accepted.

Mr. was thereupon nominated to fill the vacancy caused by the resignation of Mr. , and upon motion duly made and seconded he was unanimously elected a director.

(This clause inserted where temporary or dummy directors resign at the first meeting.)

21. Insert the following clause for New York:

In compliance with the laws of the State of New York, the Secretary was ordered to file a copy of the certificate of incorporation of the company in the office of the county clerk of County.

No further business was presented, and on motion the meeting adjourned.

, *Secretary.*

Approved:

, *Chairman.*

APPENDIX.

Waiver of Notice. First Meeting of Board of Directors.

We, the undersigned, Directors of the Company, a corporation under the laws of , hereby waive notice of the time and place of the first meeting of the Board of Directors, and of the business to be transacted at said meeting. We designate the day of , 190 , at o'clock in the noon as the time, and the office of the company in the City of as the place of said meeting. The purpose of said meeting being the election of officers, the authorization of the issue of stock of the company, the authorization of the purchase of property necessary for the business of the company, and the transaction of such other business as the Board may deem proper.

Dated .

Secretary's Oath.

State of }
County of } ss.

, Secretary of the Company, being by me duly sworn, upon his oath does promise and swear that he will faithfully discharge the duties of secretary of the aforesaid company to the best of his skill and ability.

, *Secretary.*

Subscribed and sworn to before me this day of , 190 .
Notary Public.

Directors' Resignation.

I hereby tender my resignation as Director of the Company, to take effect when accepted by said company.

BY-LAWS OF UNITED STATES STEEL CORPORATION,

As on April 30, 1907.

Article I. Stockholders.

Section 1. *Annual Meeting.* The annual meeting of the stockholders of the Company shall be held annually at the principal office of the Company in the State of New Jersey, at twelve o'clock noon, on the third Monday of April in each year, if not a legal holiday, and if a legal holiday then on the next succeeding Monday not a legal holiday, for the purpose of electing directors, and for the transaction of such other business as may be brought before the meeting; and the terms of office of the directors of the several classes shall continue until the election of their successors at such meeting as provided in Article II. hereof.

Stockholders' Annual Meeting.

Date of Meeting.

It shall be the duty of the Secretary to cause notice of each annual meeting to be published once in each of the four calendar weeks next preceding the meeting in at least one newspaper in each of the following places: Jersey City, N. J., New York, N. Y., Chicago, Ill., and Pittsburg, Pa. Nevertheless, a failure to publish such notice, or any irregularity in such notice, or in the publication thereof, shall not affect the validity of any annual meeting, or of any proceedings at any such meeting.

Advertising Notice of Meeting.

Section 2. *Special Meetings.* Special meetings of the stockholders may be held at the principal office of the Company in the State of New Jersey, whenever called in writing, or by vote, by a majority of the Board of Directors.

Special Meetings.

Notice of each special meeting, indicating briefly the object or objects thereof, shall by the secretary be published once in each of the four calendar weeks next preceding the meeting, in at least one newspaper in each of the following places: Jersey City, N. J., New York, N. Y., Chicago, Ill., and Pittsburg, Pa. Nevertheless, if all the stockholders shall waive notice

Advertising Notice of Meeting.

of a special meeting, no notice of such meeting shall be required; and whenever all the stockholders shall meet in person or by proxy, such meeting shall be valid for all purposes without call or notice, and at such meeting any corporate action may be taken.

SECTION 3. *Quorum.* At any meeting of the stockholders the holders of one-third of all of the shares of the capital stock of the Company, present in person or represented by proxy, shall constitute a quorum of the stockholders for all purposes, unless the representation of a larger number shall be required by law, and, in that case, the representation of the number so required shall constitute a quorum.

Quorum.

If the holders of the amount of stock necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place fixed by these by-laws for an annual meeting, or fixed by notice as above provided for a special meeting called by the directors, a majority in interest of the stockholders present in person or by proxy may adjourn, from time to time, without notice other than by announcement at the meeting, until holders of the amount of stock requisite to constitute a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

SECTION 4. *Organization.* The chairman of the Board, and in his absence, the chairman of the Finance Committee, and in the absence of both, the president, shall call meetings of the stockholders to order, and shall act as chairman of such meetings.

Organization.

The Board of Directors may appoint any stockholder to act as chairman of any meeting in the absence of the chairman of the Board and of the chairman of the Finance Committee and of the president.

Chairman.

The secretary of the Company shall act as secretary at all meetings of the stockholders; but in the absence of the secretary at any meeting of the stockholders the presiding officer may appoint any person to act as secretary of the meeting.

Secretary.

SECTION 5. *Voting.* At each meeting of the stockholders, every stockholder shall be entitled to vote in person, or by proxy appointed by instrument in writing, subscribed by such stockholder or by his duly authorized attorney, and delivered to the inspectors at the meeting; and he shall have one vote for each share of stock standing registered in his name at the time of the closing of the transfer books for said meeting. The votes for directors, and, upon demand of any stockholder, the votes upon any question before the meeting, shall be by ballot.

Voting.

At each meeting of the stockholders, a full, true, and complete list, in alphabetical order, of all of the stockholders entitled to vote at such meeting, and indicating the number of shares held by each, certified by the secretary or by the treasurer, shall be furnished. Only the persons in whose names shares of stock stand on the books of the Company at the time of the closing of the transfer books for such meeting, as evidenced by the list of stockholders so furnished, shall be entitled to vote in person or by proxy on the shares so standing in their names.

List of Stockholders.

Prior to any meeting, but subsequent to the time of closing the transfer books for such meeting, any proxy may submit his powers of attorney to the secretary, or to the treasurer, for examination. The certificate of the secretary, or of the treasurer, as to the regularity of such powers of attorney, and as to the number of shares held by the persons who severally and respectively executed such powers of attorney, shall be received as *prima facie* evidence of the number of shares represented by the holder of such powers of attorney for the purpose of establishing the presence of a quorum at such meeting and of organizing the same, and for all other purposes.

SECTION 6. *Inspectors.* At each meeting of the stockholders, the polls shall be opened and closed, the proxies and ballots shall be received and be taken in charge, and all questions touching the qualification of voters and the validity of proxies and the acceptance or rejection of votes, shall be decided by three inspectors. Such inspectors shall be appointed by the Board of

Inspectors of Election.

Directors before or at the meeting, or, if no such appointment shall have been made, then by the presiding officer at the meeting. If for any reason any of the inspectors previously appointed shall fail to attend or refuse or be unable to serve, inspectors in place of any so failing to attend or refusing or unable to attend, shall be appointed in like manner.

Article II. Board of Directors.

Section 1. *Number, Classification, and Term of Office.* The business and the property of the Company shall be managed and controlled by the Board of Directors.

Directors.

As provided in the certificate of incorporation, the directors shall be classified in respect of the time for which they shall severally hold office, by dividing them into three classes, each class consisting of one-third of the whole number of the Board of Directors. The directors of the first class shall be elected for a term of one year; the directors of the second class shall be elected for a term of two years, and the directors of the third class shall be elected for a term of three years. At each annual election, the successors to the directors of the class whose term shall expire in that year, shall be elected to hold office for the term of three years, so that the term of office of one class of directors shall expire in each year.

Classification.

Terms of each class.

The number of directors shall be twenty-four; but the number of directors may be altered from time to time by the alteration of these by-laws.

Number of Directors.

In case of any increase of the number of directors, the additional directors shall be elected by the directors then in office; one-third of such additional directors for the unexpired portion of the term of one year; one-third for the unexpired portion of the term of two years, and one-third for the unexpired portion of the term of three years, so that each class of directors shall be increased equally.

Every director shall be a holder of at least one share of the capital stock of the Company. Each director shall serve for the term for which he shall have been elected, and until his successor shall have been duly chosen.

Directors must be Stockholders.

At all elections of the directors, the polls shall remain open for at least one hour, unless every registered owner of shares has sooner voted in person or by proxy, or in writing has waived the statutory provision.

Polls open one hour.

Section 2. *Vacancies.* In case of any vacancy in the directors of any class through death, resignation, disqualification or other cause, the remaining directors, by affirmative vote of a majority thereof, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant, and until the election of his successor.

Vacancies in Board.

Such vacancy shall be filled upon and after nominations therefor shall have been made by the Finance Committee.

Section 3. *Place of Meeting, etc.* The directors may hold their meetings, and may have an office and keep the books of the Company (except as otherwise may be provided for by law) in such place or places in the State of New Jersey or outside of the State of New Jersey, as the Board from time to time may determine.

Place of Meeting.

Section 4. *Regular Meetings.* Regular meetings of the Board of Directors shall be held monthly on the last Tuesday of each month, if not a legal holiday, and if a legal holiday, then on the next succeeding Tuesday not a legal holiday. No notice shall be required for any such regular monthly meeting of the Board.

Regular Monthly Meetings.

Section 5. *Special Meetings.* Special meetings of the Board of Directors shall be held whenever called by direction of the chairman of the Board, or the chairman of the Finance Committee, or the president, or of one-third of the directors for the time being in office.

Special Meetings.

The secretary shall give notice of each special meeting by mailing the same at least two days before the meeting, or by telegraphing the same at least one day before the meeting, to each director; but such notice may be waived by any director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every director shall be present, even though without any notice, any business may be transacted.

Notice Required.

SECTION 6. *Quorum.* Ten directors shall constitute a quorum for the transaction of business; but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

Quorum.

The affirmative vote of at least one-third of all the directors for the time being in office shall be necessary for the passage of any resolution.

SECTION 8. *Order of Business.* At meetings of the Board of Directors, business shall be transacted in such order as, from time to time, the Board may determine by resolution.

Order of Business.

At all meetings of the Board of Directors, the chairman of the Board, or in his absence the chairman of the Finance Committee, or, in the absence of both of these officers, the president, shall preside.

Presiding Officer.

SECTION 9. *Contracts.* Inasmuch as the directors of this Company are men of large and diversified business interests, and are likely to be connected with other corporations with which from time to time this Company must have business dealings, no contract or other transaction between this Company and any other corporation shall be affected by the fact that directors of this Company are interested in, or are directors or officers of, such other corporation, if, at the meeting of the Board, or of the committee of this Company, making, authorizing, or confirming such contract or transaction, there shall be present a quorum of directors not so interested; and any director individually may be a party to, or may be interested in, any contract or transaction of this Company, provided that such contract or transaction shall be approved or be ratified by the affirmative vote of at least ten directors not so interested.

Contracts.

Requiring vote of at least ten disinterested Directors.

The Board of Directors in its discretion may submit any contract or act for approval or ratification at any annual meeting of the stockholders, or at any meeting of the stockholders called for the purpose of considering any such act or contract; and any contract or act that shall be approved or be ratified by the vote of the holders of a majority of the capital stock of the Company which is represented in person or by proxy at such meeting (provided that a lawful quorum of stockholders be there represented in person or by proxy) shall be as valid and as binding upon the corporation and upon all the stockholders as though it had been approved or ratified by every stockholder of the corporation.

Ratification by Stockholders of Acts or Contracts.

SECTION 10. *Compensation of Directors.* For his attendance at any meeting of the Board of Directors, or of any committee, every director shall receive an allowance of twenty dollars for attendance at each meeting.

Compensation of Directors.

SECTION 11. *Election of Officers and Committees.* At the first regular meeting of the Board of Directors in each year (at which a quorum shall be present) held next after the annual meeting, the Board of Directors shall proceed to the election of the executive officers of the Company, and of the Finance Committee to be elected by the Board of Directors under the provisions of Article III. and Article IV. of the By-Laws.

Election of Officers and Committees.

ARTICLE III. FINANCE COMMITTEE.

SECTION 1. The Board of Directors shall elect from the directors a *Finance Committee*, and shall designate for such committee a chairman, who shall continue to be chairman of the committee during the pleasure of the Board of Directors.

Finance Committee.

The Board of Directors shall fill vacancies in the Finance Committee by election from the directors; and at all times it shall be the duty of the Board of Directors to keep the membership of such committee full, with due regard to the qualifications for such membership indicated in this Article of the By-Laws.

Vacancies; how filled.

All action by the Finance Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board of Directors; *provided* that no rights or acts of third parties shall be affected by any such revision or alteration.

Action of Committee to be reported to Board.

The Finance Committee shall fix its own rules of proceeding, and shall meet where and as provided by such rules, or by resolution of the Board of Directors, but in every case the presence of at least four members shall be necessary to constitute a quorum.

Rules of Procedure.

In every case the affirmative vote of a majority of all of the members of the committee present at the meeting shall be necessary to its adoption of any resolution.

SECTION 2. *The Finance Committee* shall consist of seven members, besides the chairman of the Board and the president, each of whom, by virtue of his office, shall be a member of the Finance Committee. So far as practicable each of the seven elected members of the Finance Committee shall be a person of experience in matters of finance. Unless otherwise ordered by the Board of Directors, each elected member of the Finance Committee shall continue to be a member thereof until the expiration of his term of office as a director.

Membership.

The Finance Committee shall have special charge and control of all financial affairs of the Company. The general counsel, the treasurer, the comptroller, and the secretary, and their respective offices, shall be under the direct control and supervision of the Finance Committee.

Powers and Duties.

During the intervals between the meetings of the Board of Directors, the Finance Committee shall possess, and may exercise, all the powers of the Board of Directors in the management of all the affairs of the Company, including its purchases of property, and the execution of legal instruments with or without the corporate seal, in such manner as said committee shall deem to be best for the interests of the Company, in all cases in which specific directions shall not have been given by the Board of Directors.

During the intervals between the meetings of the Finance Committee, and subject to its review, the chairman of the Board and the chairman of the Finance Committee together, shall possess and may exercise any of the powers of the committee, except as from time to time shall be otherwise provided by resolution of the Board of Directors.

Powers of Chairman.

Except as otherwise provided by the By-Laws, or by resolution of the Board of Directors, all salaries and compensations paid or payable by the Company shall be fixed by the Finance Committee.

Salaries fixed by Finance Committee.

No director not an executive officer shall become a salaried employee of the Company except by special vote of the Finance Committee.

ARTICLE IV. ADVISORY COMMITTEE.

The Board of Directors shall elect from the directors an Advisory Committee. The committee shall consist of three members, besides the president of the corporation, who by virtue of his office shall be a member and chairman of the committee. This committee, from time to time, shall consider and make recommendations concerning such questions relating to manufacturing, transportation, or operation as may be submitted to the committee by the president.

Advisory Committee.

ARTICLE V. OFFICERS.

SECTION 1. *Officers.* The executive officers of the Company shall be a chair-

Officers. Titles. man of the Board of Directors, a president, a vice-president, or more than one vice-president, a general counsel, a treasurer, a secretary, and a comptroller, all of whom shall be elected by the Board of Directors.

The Board of Directors may appoint such other officers as they shall deem necessary, who shall have such authority and shall perform such duties as from time to time may be prescribed by the Board of Directors. One person may hold more than one office.

Other Officers.

In its discretion, the Board of Directors by the vote of a majority thereof may leave unfilled for any such period as it may fix by resolution, any office except those of president, treasurer, secretary, and comptroller.

SECTION 2. All officers and agents shall be subject to removal at any time by the affirmative vote of a majority of the whole Board of Directors. All officers, agents, and employees, other than officers appointed by the Board of Directors, shall hold office at the discretion of the committee or of the officer appointing them.

Term of Office.

Each of the salaried officers of the corporation shall devote his entire time, skill, and energy to the business of the corporation, unless the contrary is expressly consented to by the Board of Directors or the Finance Committee. No vacations shall be taken by any of such officers, except by consent of the Board of Directors or the Finance Committee.

The Finance Committee shall have power to remove all officers, agents, and employees of the Company, except officers elected or appointed by the Board of Directors.

Removal.

SECTION 3. *Powers and Duties of the Chairman of the Board.* The chairman of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors; and by virtue of his office shall be a member of the Finance Committee. He shall have supervision of such matters as may be designated to him by the Board of Directors or the Finance Committee.

Chairman. Powers and Duties.

SECTION 4. *Powers and Duties of the President.* In the absence of the chairman of the Board and the chairman of the Finance Committee, the president shall preside at all meetings of the stockholders and of the Board of Directors. By virtue of his office he shall be a member of the Finance Committee. Subject to the Board of Directors and the Finance Committee, he shall have general charge of the business of the corporation relating to manufacturing, mining, and transportation and general operation. He shall keep the Board of Directors and the Finance Committee fully informed, and shall freely consult them concerning the business of the corporation in his charge. He may sign and execute all authorized bonds, contracts, checks, or other obligations in the name of the corporation, and with the treasurer or an assistant treasurer may sign all certificates of the shares in the capital stock of the corporation. He shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.

President. Powers and Duties.

SECTION 5. *Vice-Presidents.* The Board of Directors may appoint a vice-president or more than one vice-president. Each vice-president shall have such powers, and shall perform such duties, as may be assigned to him by the Board of Directors.

Vice-Presidents.

SECTION 6. *The General Counsel.* The General Counsel shall be the chief consulting officer of the Company in all legal matters, and, subject to the Board of Directors and the Finance Committee, shall have general control of all matters of legal import concerning the Company.

General Counsel.

SECTION 7. *Powers and Duties of Treasurer.* The treasurer shall have custody of all the funds and securities of the Company which may have come into his hands; when necessary or proper he shall endorse on behalf of the Company, for collection, checks, notes, and other obligations, and shall deposit the same to the credit of the Company in such bank or banks or depositary as the Board of Directors or the Finance Committee may designate; he shall sign all receipts and vouchers for payments made

Treasurer. Powers and Duties.

to the Company; jointly with such other officer as may be designated by the Finance Committee, he shall sign all checks made by the Company, and shall pay out and dispose of the same under the direction of the Board or of the Finance Committee; he shall sign with the President, or such other person or persons as may be designated for the purpose by the Board of Directors or the Finance Committee, all bills of exchange and promissory notes of the Company; he may sign, with the president or a vice-president, all certificates of shares in the capital stock; whenever required by the Board of Directors or by the Finance Committee, he shall render a statement of his cash account; he shall enter regularly, in books of the Company to be kept by him for the purpose, full and accurate account of all moneys received and paid by him on account of the Company; he shall, at all reasonable times, exhibit his books and accounts to any director of the Company upon application at the office of the Company during business hours; and he shall perform all acts incident to the position of treasurer, subject to the control of the Board of Directors or of the Finance Committee.

He shall give a bond for the faithful discharge of his duties in such sum as the Board of Directors or the Finance Committee may require.

SECTION 8. *Assistant Treasurers.* The Board of Directors or the Finance Committee may appoint an assistant treasurer or more than one assistant treasurer. Each assistant treasurer shall have such powers and shall perform such duties as may be assigned to him by the Board of Directors, or by the Finance Committee.

Assistant Treasurers.

SECTION 9. *Powers and Duties of Secretary.* The secretary shall keep the minutes of all meetings of the Board of Directors, and the minutes of all meetings of the stockholders, and also (unless otherwise directed by the Finance Committee) the minutes of all committees, in books provided for that purpose; he shall attend to the giving and serving of all notices of the Company; he may sign with the president, in the name of the company, all contracts authorized by the Board of Directors or by the Finance Committee, and, when so ordered by the Board of Directors or the Finance Committee, he shall affix the seal of the Company thereto; he shall have charge of the certificate books, transfer books, and stock ledgers, and such other books and papers as the Board of Directors or the Finance Committee may direct, all of which shall, at all reasonable times, be open to the examination of any director, upon application at the office of the Company during business hours; and he shall in general perform all the duties incident to the office of secretary, subject to the control of the Board of Directors and of the Finance Committee. The offices of secretary and of treasurer may be held by one and the same person.

Secretary. Powers and Duties.

SECTION 10. *Assistant Secretaries.* The Board of Directors or the Finance Committee may appoint one assistant secretary or more than one assistant secretary. Each assistant secretary shall have such powers and shall perform such duties as may be assigned to him by the Board of Directors or by the Finance Committee.

Assistant Secretaries.

SECTION 11. *Comptroller.* The comptroller shall be the principal officer in charge of the accounts of the Company, and shall perform such duties as from time to time may be assigned to him by the Board of Directors or the Finance Committee.

Comptroller.

SECTION 12. *Voting upon Stocks.* Unless otherwise ordered by the Board of Directors or by the Finance Committee, the chairman of the Board or the chairman of the Finance Committee shall have full power and authority in behalf of the Company to attend and to act and to vote at any meetings of stockholders of any corporation in which the Company may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, and which, as the owner thereof, the Company might have possessed and exercised if present. The Board of Directors or the Finance Committee, by resolution, from time to time, may confer like powers upon any other person or persons.

Voting upon Stocks Owned in other Companies.

Article VI. Capital Stock — Seal.

Section 1. *Certificates of Shares.* The certificates for shares of the capital stock of the Company shall be in such form, not inconsistent with the certificate of incorporation, as shall be prepared or be approved by the Board of Directors. The certificates shall be signed by the president or a vice-president, and also by the treasurer or an assistant treasurer.

Stock Certificates.

All certificates shall be consecutively numbered. The name of the person owning the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the Company's books.

No certificate shall be valid unless it is signed by the president or a vice-president, and by the treasurer or an assistant treasurer.

All certificates surrendered to the Company shall be cancelled, and no new certificate shall be issued until the former certificate for the same number of shares of the same class shall have been surrendered and cancelled.

Section 2. *Transfer of Shares.* Shares in the capital stock of the Company shall be transferred only on the books of the Company by the holder thereof in person, or by his attorney, upon surrender and cancellation of certificates for a like number of shares.

Transfer of Shares.

Section 3. *Regulations.* The Board of Directors, and the Finance Committee also, shall have power and authority to make all such rules and regulations as respectively they may deem expedient concerning the issue, transfer, and registration of certificates for shares of the capital stock of the Company.

Regulations.

The Board of Directors or the Finance Committee may appoint a transfer agent and a registrar of transfers, and may require all stock certificates to bear the signature of such transfer agent and of such registrar of transfers.

Transfer Agent. Registrar.

Section 4. *Closing of Transfer Books.* The stock transfer books shall be closed for the meetings of the stockholders, and for the payment of dividends, during such periods as from time to time may be fixed by the Board of Directors or by the Finance Committee, and during such periods no stock shall be transferable.

Closing of Transfer Books.

Section 5. *Dividends.* The Board of Directors may declare dividends from the surplus or from the net profits of the Company.

Dividends.

The dates for the declaration of dividends upon the preferred stock and upon the common stock of the Company shall be the days by these By-Laws fixed for the regular monthly meetings of the Board of Directors in the months of April, July, October, and January in each year, on which days the Board of Directors in its discretion shall declare what, if any, dividends shall be declared upon the preferred stock and the common stock, or either of such stocks.

Dates for Declaration.

The dividends upon the preferred stock, if declared, severally and respectively shall be payable quarterly upon the thirtieth day of May, of August, of November, and the last day of February in each year.

Preferred; when payable.

The dividends upon the common stock, if declared, severally and respectively, shall be payable quarterly on the thirtieth day of June, of September, of December, and of March in each year.

Common; when payable.

If the date herein appointed for the payment of any dividend shall in any year fall upon a legal holiday, then the dividend payable on such date shall be paid on the next day not a legal holiday.

Section 6. *Working Capital.* The directors shall not be required in January in each year, after reserving over and above its capital stock paid in, as a working capital for said corporation, such sum, if any, as shall have been fixed by the stockholders, to declare a dividend among its stockholders of the whole of its accumulated profits exceeding the amount so reserved, and pay the same to such stockholders on demand; but the Board of Directors may fix a sum which may be set aside or reserved, over and above the Company's

Working Capital.

capital paid in, as a working capital for the Company, and from time to time they may increase, diminish, and vary the same in their absolute judgment and discretion.

Corporate Seal.

SECTION 7. *Corporate Seal.* The Board of Directors shall provide a suitable seal, containing the name of the Company, which seal shall be in charge of the secretary. If and when so directed by the Board of Directors or by the Finance Committee, a duplicate of the seal may be kept and be used by the treasurer or by any assistant secretary or assistant treasurer.

ARTICLE VII. AMENDMENTS.

Amendments.

SECTION 1. The Board of Directors shall have power to make, amend, and repeal the by-laws of the Company, by vote of a majority of all of the directors, at any regular or special meeting of the Board, *provided* that notice of intention to make, amend, or repeal the by-laws in whole or in part shall have been given at the next preceding meeting; or without any such notice, by a vote of two-thirds of all the directors.

MISCELLANEOUS FORMS AND PRECEDENTS.

SUBSCRIPTION AGREEMENT BEFORE ORGANIZATION.

Whereas, the organization is contemplated of a corporation under the laws of the State of , to be known as the or by such other name as may be selected, with a capital stock of not less than $ for the purpose of and it is desired by the undersigned to become stockholders in said corporation.

Now, therefore,

the undersigned, do hereby promise and agree to and with each other all in consideration of the mutual promises and agreements herein contained, that they will pay to the Treasurer of said corporation as soon as he shall have been elected to that office, on demand, the sum of dollars, being the subscription price of shares of the capital stock of the said corporation, or such part thereof as may be called for. The stock thus paid for to be delivered at the earliest possible moment after the organization of the company, and meanwhile proper receipts to be issued to the undersigned.

We hereby further agree in consideration as aforesaid, that our several subscriptions to the capital stock of said Company to be formed, are hereby made for the use and benefit of said Company, and that when said is duly formed and organized, that the said subscriptions hereby made may be enforced by it either at law or otherwise as the Board of Directors of said company may hereafter determine.

Names. Residences.

SUBSCRIPTION AGREEMENT (DIFFERENT FORM).

Whereas, a Corporation is to be organized under the laws of the State of , to be called the Company, for the purpose among other things of acquiring title to the following mining properties, more particularly described as follows, to wit: (here insert description); and

Whereas, the capital stock of said Company is to be divided into shares of the par value of dollars per share, all of said stock to be issued to one in payment for said mining properties; Now, in consideration of the transfer to us of the several number of shares set opposite our names respectively hereinafter subscribed, we do hereby covenant and agree with said (here insert name of party from whom mines are to be purchased) that we will accept and receive said stock and pay for the same at the rate of dollars per share.

And for the purpose of carrying out this agreement we hereby agree to pay to and as trustees for us on demand the aforesaid sums of money so subscribed by us, to be held by the said trustees for us, and paid over by him to the said (here insert names of party from whom mines were purchased) upon the delivery to the Company of a government patent or deed for the mines and mining property above described, and the receipt from said of the several number of shares of stock subscribed by us respectively, and not otherwise.

TRANSFER OF SUBSCRIPTION.

For value received, the undersigned does hereby sell, assign, transfer, and set over unto all his right, title, and interest as an incorporator of and as a subscriber to the capital stock of the Company to the extent of shares of the capital stock thereto.

I hereby request and direct the proper officers of said Company to issue a certificate for said shares to the aforesaid assignee or his assigns.

In Witness Whereof, I have hereunto set my hand and seal this day of , 190 .

Dated

. (L. S.)

Witness:

WAIVER OF NOTICE OF FIRST MEETING OF INCORPORATORS.

The undersigned, being all the stockholders and incorporators of the Company, a Corporation created under the laws of the State of , by virtue of a charter issued by the Secretary of State of said State, bearing date the day of , 190 , desiring to hold a meeting for the purpose of organizing said Corporation immediately, do hereby waive notice (and publication of notice) of said first meeting of stockholders of said Corporation, and we do hereby assent and agree to hold the first meeting of the stockholders of said Corporation at on the day of , 190 , at o'clock in the noon, for the purpose of adopting by-laws and the transaction of any other business that may legally be done at such meeting of stockholders; and we do further agree that any business transacted at such meeting shall be as valid and legal, and of the same force and effect, as though said meeting was held after notice given and published.

Witness our signatures and seals.

_____

_____

_____

WAIVER OF NOTICE OF MEETING OF STOCKHOLDERS FOR GENERAL PURPOSES.

The undersigned, being all the stockholders of Company, a Corporation created and organized under the laws of the State of , by virtue of a charter issued by the Secretary of State of said State, bearing date on the day of , hereby assent and agree that a meeting of the stockholders of said Corporation shall be held at , on the day of , 190 , at o'clock in the noon, for the purpose of and the transaction of other business. We do hereby waive notice and the publication of notice of such meeting, and agree that any business transacted at such meeting shall be as valid and effective as though held after notice duly given and published.

Witness our signatures and seals.

PROXY

For Meeting of Incorporators and Subscribers.

, one of the incorporators of the Company, and a subscriber to shares of the stock thereof, hereby appoints as proxy with full power of substitution and revocation to vote for and on behalf of the undersigned at the organization meeting of the corporation to be held at on the day of , 190 , or at any adjournment thereof.

Witness, my hand and seal this day of , 190 .

(L. S.)

In the presence of:

PROXY AND WAIVER OF NOTICE (Combined).

Know all Men by these Presents, That I, the undersigned, being the owner of shares of the capital stock of the Company, a corporation organized and existing under the laws of the State of , do hereby constitute and appoint my true and lawful attorney, for me and in my name and stead, to vote upon the stock owned by me or standing in my name, as my proxy at a special (or annual) meeting of the stockholders of said company, to be held at the office of the company in the City of , State of , on the day of , 190 (hereby waiving all statutory requirements as to notice of said meeting and publication thereof), and on such other day or days as the meeting may be thereafter held by adjournment or otherwise, according to the number of votes I am now or may then be entitled to cast, hereby granting the said attorney full power and authority to act for me and in my name at said meeting or meetings in voting for the election of directors of the company, or in the transaction of such other business as may properly come before the meeting, as fully as I could do if personally present, hereby granting the said attorney full power of substitution and revocation, and hereby ratifying and confirming all that my said attorney or substitute may do in my name, place, and stead.

In Witness Whereof, I have hereunto set my hand and seal this day of , 190 .

Witness:

FORM OF PROXY FOR ANNUAL MEETING.

ANNUAL MEETING OF STOCKHOLDERS OF THE COMPANY.

KNOW ALL MEN BY THESE PRESENTS: That I, the undersigned, being owner of shares of the capital stock of the Company, a Corporation organized and existing under the laws of the State of , do hereby constitute and appoint my true and lawful attorney for me and in my name and stead, to vote upon the stock owned by me or standing in my name as my proxy at the annual meeting of the stockholders of said Company, to be held at the office of the Company, , in the city of , State of , on the day of , 190 , and on such other day or days as the meeting may be thereafter held by adjournment or otherwise, according to the number of votes I am now or may then be entitled to cast, hereby granting the said attorney full power and authority to act for me and in my name at said meeting or meetings in voting for the election of directors and the transaction of such other business as may properly come before the meeting, as fully as I could do if personally present, hereby granting the said attorney full power of substitution and revocation, and hereby ratifying and confirming all that my said attorney or substitute may do in my name, place, and stead.

In Witness Whereof, I have hereunto set my hand and seal this day of December, 1907.

Witness:

FORM OF LETTER ADDRESSED TO CORPORATION OFFERING TO TRANSFER PROPERTY IN EXCHANGE FOR CAPITAL STOCK OF A CORPORATION.

To the Stockholders of the Company:

I am the owner in fee of the following described real estate (or, in case of personal property, the clause should read, "the owner of the following described personal property), to wit: (here insert description of property).

I hereby offer to transfer to you the property above described within days from date hereof, in consideration of the assignment to me within the said period of time, of shares of the capital stock of your Company. The offer herein contained is made subject to acceptance by your corporation within days from the date hereof. If the offer is not accepted within said time, the same shall forthwith become null and void.

Respectfully Submitted.

AGREEMENT FOR THE SALE OF REAL OR PERSONAL PROPERTY TO A CORPORATION IN EXCHANGE FOR ITS CAPITAL STOCK.

This agreement made this day of , 190 , by and between of the City of , County of , State of , party of the first part, and the Company, a corporation organized and existing under and by virtue of the laws of the State of , party of the second part.

Witness, For and in consideration of the sum of $1.00 paid by each of said parties of the first and second parts to each, the receipt whereof is hereby acknowledged, and in further consideration of the mutual covenants and agreements herein contained, it is hereby agreed by and between the said parties of this agreement as follows:

First. The said party of the first part hereby agrees, within days from the date of this agreement, to sell, convey, assign, transfer, and deliver to the said party of the second part the following described real estate (or personal property), to wit:

(Here insert description of the property to be sold, conveyed, transferred, assigned, and delivered.)

Second. Said party of the first part hereby warrants that it is the owner in fee of said real estate above described (or, in case of personal property, that it is the owner of the personal property above described) all of which is hereby warranted to be free and clear from all liens, charges, incumbrances, taxes, and assessments whatsoever.

Third. The said party of the second part hereby agrees that forthwith, upon due conveyance to it (in case of personal property upon the due transfer, assignment, or delivery) of said real estate by said party of the first part, it will, in consideration therefor, assign, transfer, and deliver to said party of the first part shares of the common stock of the Company (party of the second part hereto) of the par value of dollars per share, aggregating $ in amount.

In Witness Whereof, the said parties of the first and second parts have hereunto set their hands and seals this day of , 190 .

[SEAL.]
Co. [SEAL.]

By , *Pres.*

Attest: *Sec'y.*

State of }
County of } ss.

On this day of , in the year , before me personally came , to me known and known to me to be the individual described in, and who executed the foregoing instrument, and who acknowledged to me that he executed the same.

, *Notary Public*,
Co.
State of .

State of }
County of } ss.

On the day in the year before me personally came , to me known, who being by me duly sworn did depose and say that he resided in ; that he is the President of Company, the corporation described in and which executed the above instrument; that he knew the seal of said corporation; that the seal affixed to said instrument was such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

, *Notary Public*,
County,
State of .

FORM OF TRUST AGREEMENT.

(This agreement will be found very convenient where it is desired to get stock back into the treasury as full-paid and non-assessable stock, subject to sale below par if desired.)

THIS AGREEMENT, entered into this day of , 190 , by and between of the City of , State of , party of the first part, and the Company, a corporation organized and existing under the laws of the State of , party of the second part, witnesseth as follows:

First. That in consideration of the mutual covenants and agreements herein contained, said party of the first part does hereby assign, transfer, and set over unto said party of the second part shares of the capital stock of the Company, of the par value of dollars per share to be held by said party of the second part in trust, and to be disposed of under the direction of the Board of Directors of said party of the second part for the benefit

of the stockholders of said party of the second part with a view to securing the necessary funds with which to carry on the business of said Company, and to provide a working capital therefor.

Second. The said party of the second part hereby accepts the assignment and transfer of said shares of the capital stock of said Company to be held by and disposed of by it for the purposes above stated.

Third. Said party of the second part further covenants and agrees that it will at all times hold and dispose of, at such prices and under such terms and conditions as its Board of Directors may prescribe, said shares of said capital stock of said Company, with a view to securing adequate and sufficient capital with which to carry out the purposes for which said Company was formed.

In Witness Whereof, said parties of the first and second parts have hereunto set their hands and seals this day of , 190 .

, *Party of the first part.*

Company.

By , *President,*

, *Party of the second part.*

State of } ss.
County of }

On this day of , 190 , before me personally came , to me known and known to me to be the person described in and who executed the foregoing instrument, and duly acknowledged to me that he executed the same.

, *Notary Public.*
County.

State of } ss.
County of }

On this day of , 190 , before me personally came , who being by me duly sworn did depose and say: that he resided in the City of ; that he was the President of the Company, the corporation described in and which executed the foregoing instrument; that he knew the seal of said corporation; that the seal affixed to such instrument was such corporate seal; that it was so affixed by order of the Board of Directors, and that he signed his name thereto by like order.

, *Notary Public,*
County.

CERTIFICATE OF COMMON STOCK.

(Number.) (Shares.)

Incorporated under the laws of

Name of Corporation.

Capital Stock, $

This certifies that is the owner of shares of the capital stock of the Company, transferable only on the books of the corporation in person or by attorney upon surrender of this certificate.

(CORPORATE SEAL.)

In Witness Whereof, the duly authorized officers of this corporation have hereunto subscribed their names and caused the corporate seal to be hereto affixed, this day of , A. D. 190 .

Shares ———— each.

CERTIFICATE OF PREFERRED STOCK.

(Number.) (Shares.)

Incorporated under the laws of

_____.

Name of Corporation.

Capital Stock, $.

Common Stock, $; Preferred Stock, $.

This is to certify that is entitled to fully paid and non-assessable shares of the par value of $ each of the preferred capital stock of the Company, transferable only on the books of the corporation in person or by proxy, or by attorney upon the surrender of this certificate.

The holders of preferred stock are entitled to receive, and the Company is bound to pay out of any and all surplus profits whenever ascertained, (non) cumulative dividends thereon at the rate of and not exceeding per cent per annum, payable in quarterly, yearly, or half-yearly instalments as the Board of Directors may direct, before any dividends shall be declared or paid on the common stock.

The preferred stock is subject to redemption at par on the day of , 190 , or at any other period thereafter that the Board of Directors may select. (The holders of preferred stock shall not be entitled to any voting powers in the corporation.)

In Witness Whereof, the duly authorized officers of the corporation have hereto subscribed their names and caused the corporate seal to be hereto affixed this day of , 190 .

(SEAL.)

_____

_____

CERTIFICATE OF INSPECTOR OF ELECTION.

The undersigned, having been duly appointed Inspector of Election of directors of the Company, pursuant to the statute in such case made and provided at the annual meeting of the stockholders of said corporation held for that purpose on the day of , 190 , at the office of the company in the City of , do hereby certify that at such election there were present and voting shares of the stock of said corporation with the following result, to wit:

The said persons above named having received a majority of all the votes cast at such election are hereby declared by us to have been elected directors by a majority of the whole number of shares outstanding in said company.

_____

_____

_____

RESOLUTION OF DIRECTORS AUTHORIZING THE CONTRACTION OF A SPECIFIC DEBT.

Whereas, it appears to this board that dollars are necessary with which to enable the company to meet its obligations now due and owing; and

Whereas, there is no money in the treasury of the company at the present time with which to meet said obligations, Now, therefore,

Be it resolved, that the proper officers of this corporation be and they hereby are authorized to contract a loan for this company to the amount of

dollars, and to give therefor a promissory note of this company for said amount, same to bear interest at the rate of per cent per annum until paid, and to become due months after date thereof, and the said officers are hereby authorized to secure payment of said note by giving a mortgage on such real estate of the company as may be required or as may be expedient.

I, , Secretary of the Company, a corporation organized and existing under the laws of the State of , do hereby certify that the foregoing is a true and correct copy of the resolution of the Board of Directors of said corporation, duly adopted at the regular meeting of said Board of Directors held at the office of said company on the day of , 190 , and that the same is entered as such in the minute book of said Board of Directors.

Witness my hand and the seal of said corporation the day of , 190 .

, *Secretary.*

(SEAL.)

WAIVER OF NOTICE OF ASSESSMENT.

We, the undersigned, hereby waive notice of the time and place of the payment of our respective subscriptions to the capital stock of the Company, and also waive all requirements of law as to notice of assessment and payment thereof.

And we hereby agree to pay the same to the Treasurer of said Company in such amounts and in such time or times as the Board of Directors may require.

_____

_____

_____

CERTIFICATE OF THE SECRETARY OF A CORPORATION TO THE PASSAGE OF A RESOLUTION.

I, , Secretary of the Company, hereby certify that the Resolution above set forth is a full and true copy of the same as passed by the Board of Directors (or by the stockholders) of said Company at meeting of said Board (or of the stockholders) held on the day of , 190 , as taken from and compared with the original resolution as recorded in the minute book of the Company.

Witness my hand and the seal of the Company this day of , 190 .

Secretary.

(CORPORATE SEAL.)

NOTICE OF ANNUAL MEETING.

Notice is hereby given that the annual meeting of the Company will be held at the office of the Company, No. Street, in the City of , State of , on the day of , 190 , at o'clock, M., for the purpose of electing a full Board of Directors for the ensuing year (and inspectors of election if they are required by law), and for the transaction of such other business as may properly come before said meeting, and polls will remain open (here state the number of hours).

In accordance with the laws of the State of no stock can be voted on, which has been transferred on the books of the Company within days next preceding the election.

, *Secretary.*

COMBINED FORM OF WAIVER OF NOTICE AND WAIVER OF PUBLICATION OF NOTICE OF SPECIAL STOCKHOLDERS' MEETING.

The undersigned, being all of the stockholders of the Company, a corporation created and organized under the laws of the State of by virtue of a charter issued by the Secretary of State of said State, bearing date the day of , 190 , hereby assent and agree that a special meeting of the stockholders of said corporation be held at the office of the Company, No. Street, in the City of , State of , on the day of , 190 , at o'clock in the noon therein, for the purpose of (here insert nature of business to be transacted), and the transaction of such other business as may come before the meeting. We do hereby waive notice and publication of notice of such meeting, and agree that any business transacted at said meeting be valid in effect as though held after notice duly given and published.

Witness our signatures and seals this day of , 190 .

(Signatures.)

FORM FOR RESOLUTION RELATIVE TO OPENING DEPOSIT WITH BANK.

Resolved, that the Bank be and the same hereby is designated as a depository of the funds of this Company, and that , the Treasurer of said Company, be and he hereby is authorized from time to time for and on behalf of this Company to make or sign checks, drafts, notes, obligations, agreements, or other instruments; to endorse checks, drafts, or other instruments; to accept drafts or to procure loans, discounts or re-discounts, or advances; to do all acts incidental to any of the above matters; and to pay, adjust, or secure any transaction, matter, or liability, and to do all acts therein, to pay all sums due or to become due; to accept and receive notices and demands, and generally to do all acts and things with reference to any transaction in the name of or on behalf of this Company with the bank of the City of , or in carrying on its business relations therewith, which any of said persons may see fit; *Providing, however*, that said Treasurer shall not make the total liabilities created by him hereunder to exceed at one time the sum of dollars.

This Resolution is to continue in force until formally rescinded, and filing of due notice thereof with said Bank.

FORM FOR RESOLUTION DECLARING A DIVIDEND.

Whereas, there is now in the Treasury of this Company surplus profits arising from the carrying on of the business of the Company sufficient to justify the declaration of a dividend of per cent upon all stock issued; Now, therefore, be it

Resolved, that a dividend of per cent on the stock of the Company issued and outstanding be and the same hereby is declared out of the surplus earnings of the corporation already accrued or hereafter to accrue up to and including the day of , 190 , to which date this dividend period extends, payable on the day of to the stockholders entitled thereto in proportion to their respective holdings of stock; and be it further

Resolved, that the President of this Company be directed to notify stockholders of record of the declaration of such dividend, and to see that the same is paid when due to the aforesaid stockholders.

FORM FOR POWER OF ATTORNEY, RELATIVE TO ACTING AS GENERAL MANAGER OF A CORPORATION.

State of }
County of } ss.

Know all Men by these Presents: That the Company, a corporation organized and existing under the laws of the State of , by , its president, and , its secretary, does hereby make, constitute, and appoint of the City of , State of , its true, sufficient, and lawful attorney, for it and in its name, place, and stead, and to its use, to conduct and carry on in and about the city of , State of , all and singular its business as a company, and in connection therewith to purchase and acquire all material, that may be necessary in the promotion or extension of the business of said Company, to appoint superintendents, agents, clerks, and employees of all grades, and to fix the salaries of the same; to enter into contracts for and in behalf of said Company in the carrying on of its business whenever and wherever necessary; to make and execute, sign, seal, and deliver for it and in its name all bills, notes, deeds, or other instruments in writing whatsoever which shall be necessary for the proper conduct of its said business; to secure franchises, rights, and privileges from the Government of and municipalities thereof or from corporations, firms, and individuals residing therein; to discharge at his discretion all or any subordinate officers and agents, clerks or employees, now or hereafter in the employ of said Company, and to do anything and everything that may be necessary for conserving, promoting, or extending the business of said Company as carried on in the said State of .

In Witness Whereof, the said Company has caused these presents to be signed by its President, and its corporate seal to be hereunto affixed and attested by its Secretary, this day of , 190 .

Company.

By , *President.*

Attest:

, *Secretary.*

State of }
County of } ss.

Before me, , a Notary Public in and for the County of , State of , on this day personally appeared , known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the President of the Company, a corporation, and acknowledged to me that he executed said instrument for the purposes therein expressed, and as the act of said corporation.

, *Notary Public.*

GENERAL POWER OF ATTORNEY TO ACT AS MANAGING AGENT OF CORPORATION.

State of }
County of } ss.

KNOW ALL MEN BY THESE PRESENTS: That the Company, a Corporation organized and existing under the laws of the State of , by , President, and , Secretary, does hereby appoint , of the city of , State of , its true and lawful attorney for it and in its name, place, and stead, and to its use, to act for and in behalf of the said Company as its managing agent in ; and in connection therewith:

First. To represent the said Company in any and every capacity, and to conduct, administer, and take charge therein of all affairs, business, and interests of the said Company of any and every kind, to attend to its conserva-

tion and protection, to pay the charges and taxes thereon, to lease and rent the same upon such terms and conditions as may be by him deemed advantageous for the Company; to recover and collect the rents therefor, dispossess and remove the lessees, and take such other steps as may be appropriate to a careful administration of the affairs of said Company.

Third. To render accounts to whomsoever they may be due, and to exact the same from whomsoever ought to render them, to make the settlement of all claims and accounts and approve and disapprove them, to fix balances, to ask and to give compositions, and to give and receive guarantees.

Fourth. To sue for, recover, and collect such accounts as may be due at present from or in the future that may be owing to the said Company, by whatsoever persons or corporations.

Fifth. To take possession, and to give and take in pledge, all the properties which the said Company may have or shall acquire in the future, or to which the said Company may have or shall acquire rights in.

Sixth. To issue, accept, indorse, transfer, and negotiate letters of exchange, checks, promissory notes, due bills, drafts, and any other instruments, negotiable or not negotiable, and to satisfy or collect such instruments, to fix a general limited value upon bills of exchange, promissory notes, or other negotiable or non-negotiable instruments in the manner which may be convenient.

Seventh. To compromise all the rights and actions of the said Company, judicially or extra-judicially, submitting them, if deemed advisable, to the decision of arbitrators and third parties in case of disagreement.

Eighth. To sell, lease, pledge, mortgage, or give in payment all the property both real and personal which at the present the said Company may possess, or in the future may possess, upon such terms and conditions as the said managing agent may deem convenient and proper, and which the said managing agent may decide to be proper.

Ninth. To put real or personal property at such prices, and in such amounts, and upon such terms as may seem convenient and proper.

Tenth. To deposit the moneys and things of value of the said Company in banks or in other places of deposit, and to withdraw the same at will.

Eleventh. To pay all the charges and taxes which may affect any of the property of the said Company, and to interpose protests against such charges and taxes.

Twelfth. To furnish and execute bonds and other securities whenever the same may be convenient, either in the management of the business and affairs of the said Company, or in any case in which such bonds or securities may be necessary or convenient in the conduct of legal proceedings before any of the courts of administrative authorities.

Thirteenth. To form and sign bills, commercial contracts, bills of lading, manifests, receipts, and whatsoever other documents of such nature may be required.

Fourteenth. To satisfy and extend mortgages upon both real and personal property.

Fifteenth. To solicit concessions or franchises, patents, and privileges.

Sixteenth. To present bids, accompanied by descriptions, specifications, plans, and other requisites, with a view to obtain contracts from State, municipalities, and individuals.

Seventeenth. To execute all documents, public and private, which said managing agent may deem necessary to the exercise of the powers hereby granted.

Eighteenth. To represent the said Company for any and all purposes in all courts of justice wherever located, and in connection therewith to retain counsel in prosecuting or defending action therein.

Nineteenth. To represent the said Company in any and every registry and public office, presenting to the same any and all petitions, documents, writings, etc., for filing or registry, which the said managing agent may deem convenient.

FORM FOR CERTIFICATE OF AUTHORIZATION TO COUNTERSIGN CERTIFICATES OF STOCK.

THE ———— COMPANY,

, *Registrar.*

THIS IS TO CERTIFY, That at a meeting of the Directors of the Company, duly convened and held on the day of , 190 , the following resolutions were adopted:

Resolved, That the Company be and is hereby appointed the Registrar of the shares of the stock of this Company.

Further Resolved, That said Company is authorized to countersign, when signed by the President and Secretary of this Company, an original issue of certificates of shares of this Company to the number of shares of Common Stock and shares of Preferred Stock, and to enter the particulars of the holdings of said shares in the register from time to time.

Further Resolved, That the Company may apply and act under instructions of , Counsel of this Company, in respect to any legal question arising in connection with said Agency.

Further Resolved, That the Secretary be and is hereby authorized to sign, and seal with the Company's Seal, a Certificate of Authorization to said Company in the form submitted at this meeting.

That the total authorized capital stock of said Company is $, divided into $ of Common Stock and $ of Preferred Stock.

That said shares are the par value of $ each.

That certificates of stock are now outstanding.

That the property for which the above-mentioned shares are issued has been actually conveyed or transferred and delivered to the Company.

That the Officers authorized by the foregoing resolutions to sign certificates of stock will sign as follows:

The President will sign

The Secretary will sign

Names of Officers.	Addresses.
President,	
Vice-President,	
Treasurer,	
Secretary.	
Attorney,	

Names of Directors.	Addresses.

Business address of the Company,

Date of Annual Meeting,

Notice for calling Annual Meeting as required by the By-Laws.

Signed and sealed in behalf of the Company by authority of the Board of Directors, this day of , 190 .

For the Company,

, *Secretary.*

State of }
County of } ss.

On the day of in the year , before me personally came , to me known, who, being by me duly sworn, did depose and say that he resided in ; that he is the of the Company, the corporation described in and which executed the above instrument; that he knew the seal of said corporation; that the seal affixed to said

instrument was such corporate seal; that it was affixed by order of the Board of Directors of said Corporation, and that he signed his name thereto by like order.

————————, *Notary Public.*
County.

(A) UNDERWRITING AGREEMENT.

———————— Company.

Covering Year, First Mortgage, per cent, Sinking Fund, Coupon Gold Bonds; redeemable at and interest.

Dated , 190 . Due , 19 .

Interest Payable and at the office of the Trust Company, Trustee.

This Agreement, made and entered into this day of , 190 , by and between of the city of , State of , parties of the first part (hereinafter called "the Managers"), and the several subscribers to this syndicate agreement, parties of the second part:

Whereas, the parties of the first part have organized a corporation known as the Company," under the laws of the State of , with a capital of divided into shares of the par value of $ each, which will issue of first mortgage, six per cent, year, sinking fund, coupon gold bonds, subject to call at and accrued interest, of which will be used as part payment of the property purchased and will be left in the treasury for its use, leaving which are hereby underwritten.

And Whereas, the subscribers hereto are desirous of underwriting a portion of the proposed issue of bonds, as provided by this agreement, and thereby participating in the profits to be derived from the sale of said bonds or becoming the owners thereof. Now, this agreement witnesseth:

That in consideration of the premises, and the mutual promises hereinafter contained, the subscribers severally, but not jointly, agree with the Managers and with each other as follows:

I. The subscribers severally subscribe for said first mortgage, per cent, year, sinking fund, coupon gold bonds, to the amounts (par value) set opposite their names respectively, and agree to take and pay for said bonds, or any part thereof allotted to them, in cash, at per cent of par, together with accrued interest; payment therefor to be made to the Trust Company, hereinafter called "the Trustee," in the City of , upon demand of the managers when bonds or interim certificates representing the same shall be ready for delivery, but payment shall not be required before , 190 . Upon such payment, the subscriber shall receive an interim certificate of the Trust Company in lieu of said bonds, which certificate shall also provide for the delivery of the bonds and all coupons attached on , 190 , or before, in the discretion of the Managers. Each subscriber upon the payment of each exclusive of interest shall receive par value of bonds aforesaid and par value of the said stock.

II. It is further agreed that all bonds allotted and taken hereunder shall be held by the parties of the second part, subject to the demand and control of the Managers except as hereinafter provided, until , 190 , who shall, during such time, have full power and discretion to sell the said bonds or any part thereof for the joint benefit of the parties of the second part at not less than and accrued interest, by either public or private sale, and that upon notice by the Managers to any subscriber hereto, the bonds allotted to him or the part designated by the Managers, shall be delivered to the Trustee, except such as shall have been previously withdrawn from sale, as hereinafter provided, and said Managers shall, within thirty days after such delivery, pay to the Trustee, to be remitted to the owners of the bonds so deposited, per cent of their par value, together with accrued interest. The managers shall, so far as practicable, call from the subscribers hereto, bonds *pro rata*.

III. It is mutually agreed by the subscribers hereto that this syndicate shall

hold all of the said bonds subscribed for as a joint holding for a period of six months from the day of , 190 , unless said bonds are sooner sold, and that the time for the joint holding of any remaining unsold bonds may be further extended for a period to be determined by a vote of two thirds in interest of the subscribers. Any member of this syndicate authorized by the Managers may offer and sell the bonds, as opportunity occurs, at a price to be fixed from time to time by the Managers; said price, however, not to be less than and accrued interest, to the syndicate, except by written consent of two-thirds in interest of the subscribers hereto.

IV. Any subscriber duly authorized to sell bonds, shall be paid a commission of one per centum of the par value of the bonds sold by him, said commission to be paid by the Managers and charged to the syndicate at the time of such sale and delivery; any syndicate member selling any bonds shall at the time notify the Managers and shall receive instructions from said Managers as to whether said bonds so sold shall be delivered from his holding, or be drawn by him from the Managers.

In the event of his being instructed to deliver his own bonds, he shall immediately remit to the said Trustee, to the credit of the Managers, the difference between the cost, viz.: and interest, and the selling price of the bonds; and in the event of drawing them from the Managers, he shall pay the Trustee, for the credit of the Managers, for the bonds, at the full authorized selling price, together with accrued interest to date of delivery.

V. Any subscriber hereto may withdraw his bonds from this underwriting agreement, provided such subscriber notifies, in writing, the Managers, at the time of signing the underwriting agreement, of his or their intentions so to do; such party so withdrawing bonds agrees, during the life of the underwriting agreement and any extension thereof, not to offer for sale or sell any of such bonds, and waives profits, except stock hereunder.

VI. The right and power to enforce this agreement, when the same shall become binding, operative and effective, is hereby vested exclusively in the Managers, who alone shall have the right to enforce payment of all obligations assumed by the subscribers hereto.

VII. In case for any reason, whether before or after this agreement has otherwise become binding, operative, and effective, the Managers shall determine to abandon this underwriting plan, and the organization of the corporation, and shall so declare, then this agreement in all its parts, including the obligation to deliver said bonds or any of the stock, shall be and become forthwith null and void, and the subscribers hereto shall be notified accordingly by the Managers, and all moneys paid hereunder shall be returned.

VIII. The Trustee shall be the depository of the Managers and shall hold the joint funds and profits arising hereunder, and shall distribute the same from time to time in accordance with the directions of the Managers, *pro rata* among the subscribers hereto, except that it shall pay therefrom the commissions and expenses arising hereunder.

IX. The managers shall receive no compensation for their services as Managers and shall not be liable under any of the provisions of this agreement, or in or for any matter therewith connected, provided reasonable care and discretion shall have been exercised by them in the discharge of their duties.

X. This agreement shall be binding upon the parties of the second part only when subscriptions hereto shall have been made to the extent of at least . Right is reserved to reject any subscription or to allot a less amount than that subscribed for.

In Witness Whereof, the parties of the first part have signed an original hereof, and the subscribers, parties of the second part, have signed said original or a counterpart thereof, all of which shall be taken and deemed as one original instrument.

Managers { _____ _____ _____

Subscribers.	Address.
_____	_____
_____	_____

(B) FORM FOR UNDERWRITING AGREEMENT.

_____ COMPANY.

ORGANIZED UNDER THE LAWS OF THE STATE OF .

Authorized Capital Stock, $.

Divided into shares of $ each Common Stock.

This Company is organized to control the operation of and all inventions and patents relating thereto in the United States of America (including United States ships, wherever they may be), Cuba, Porto Rico, the Hawaiian Islands, the Philippine Islands, Alaska, the Aleutian Islands, and the Danish West Indies.

GUARANTY AGREEMENT FOR $500,000 COMMON STOCK.

, hereinafter called the "Syndicate Managers," have entered into an agreement with , a copy of which is attached hereto, as Schedule "A," and made a part hereof, concerning the sale in accordance with the terms of said Schedule "A" of $2,500,000 par value of the above capital stock.

The parties hereto desire to form a syndicate to guarantee the payment of the sum of $500,000 working capital as provided in Schedule "A."

Therefore the Syndicate Managers and the subscribers hereto, in consideration of the agreements herein contained, and of the efforts and expenses incurred by the Syndicate Managers in connection with this agreement, agree as follows:

First. The Syndicate Managers shall undertake the sale of shares of said stock in accordance with the provisions of Schedule "A," and shall have the usual discretionary powers hereunder.

The subscribers each severally for himself and not for any other hereby agree upon the demand of the Syndicate Managers, to pay to the Syndicate Managers a sum or sums not to exceed the amount set opposite their respective signatures hereto as, and when, and in such instalments as such payments may be called for by the Syndicate Managers, or, if a portion, but not the whole of said $500,000 shall have been procured by the Syndicate Managers, by means of such sales, to pay in like manner to the Syndicate Managers, and upon their demand, such portion of the sums respectively subscribed for by them hereunder (in the proportion which the subscription of each bears to the total subscriptions hereunder), as shall be necessary to make up the said sum of $500,000; *provided, however*, that said demand or demands shall be made in writing by the Syndicate Managers at least ten days before the date of the payment therein demanded, and that not more than one-half of the total amount subscribed shall be called within sixty days from the date hereof.

Second. The Syndicate Managers shall, if they have succeeded in thus procuring said sum of $500,000, endeavor within sixty days from the date hereof to sell enough of the remainder of said $2,500,000 par value of said stock to net the further sum of $250,000, as provided in Schedule "A," and in making any sales of said stock they shall do so at the best price which they find to be obtainable.

Third. This agreement shall become effective and obligatory upon the subscribers as soon as the total sum of $500,000 shall have been subscribed hereunder.

Fourth. The money received from said sales of stock, and the stock remaining in the hands of the Syndicate Managers after completing said sales, shall be paid over, disposed of, and distributed as provided in Schedule "A."

Fifth. The Syndicate Managers shall not be liable hereunder except for the exercise of good faith and of reasonable diligence, and they may become subscribers hereto with like force and effect as if they were not Syndicate Managers.

Sixth. In case of default of any subscriber hereunder, the Syndicate Managers shall have the option either to enforce this agreement against the defaulting subscriber or to declare forfeited all payments theretofore made by such defaulting

subscriber, and to accept additional subscriptions for the amount of any payment so in default, and thereupon to deprive each subscriber so in default of any participation whatever in this agreement or of the benefits to be derived therefrom.

In the event of the dissolution of the copartnership of E. Rollins Morse & Bro., the survivors and successors, if any, of said copartnership shall become Syndicate Managers hereunder, having the same powers and duties as if originally named as Syndicate Managers.

This agreement shall bind and inure to the benefit of the parties hereto, and their respective executors, administrators, and assigns.

Separate copies of this agreement may be executed and delivered with the same force and effect as if all the signatures to said separate copies were appended to one original agreement.

New York, March 15, 1902.

Names.	Addresses.	Subscription.

SCHEDULE A.

Agreement, made and entered into at the City of , on the day of , 190 , by and between , of the City of , State of , hereinafter called the "Purchaser," party of the first part, and the firm of , of the City of , hereinafter called the "Syndicate Managers," parties of the second part, *Witnesseth:*

Whereas, the Purchaser owns or has the right to acquire the ownership of $2,500,000 par value of the share capital of the Company, a Corporation organized under the laws of the State of , whose total authorized capital stock is $10,500,000, on the organization of a guaranty or underwriting syndicate which will undertake to pay to said Company the sum of $500,000, for working capital, on or before the day of , 190 , and on further payment to of the sum of $250,000 on or before , 190 , which latter sum is expected to be derived from the sale of a part of said $2,500,000 of share capital as hereinafter provided, or if said sum shall not have been procured by means of said sales, the Purchaser, in lieu thereof, is to deliver to said the stock deposited as collateral as hereinafter provided; and,

Whereas, the Purchaser desires the services and assistance of the Syndicate Managers in forming said Syndicate;

Now, therefore, the parties hereto, in consideration of the premises and of the agreements herein contained, hereby agree as follows:

The Syndicate Managers agree to use their best endeavors to form a syndicate on or before the day of , to guarantee the payment of said sum of $500,000, as called for by the Syndicate Managers, and all of which shall be paid in not later than the day of , 190 , and to sell said shares as hereinafter agreed.

The Purchaser agrees upon the completion of said guaranty syndicate, and upon the approval of said syndicate by him, to deliver to the Syndicate Managers said $2,500,000 par value of shares, of which amount the Syndicate Managers shall thereupon deposit in the Trust Company $833,000, par value, as collateral security for the payment of said $250,000, which deposit shall be made under an agreement approved by the parties hereto.

The Syndicate Managers shall endeavor to sell enough of the $2,500,000 par value of said shares to provide said sum of $500,000 to be paid as guaranteed by said syndicate, and enough more of said $2,500,000 of shares to provide said sum of $250,000 to be paid to said Trust Company on or before the first day of September, 1902.

Should the Syndicate Managers not effect sales of said shares to produce proceeds sufficient in amount to pay said $500,000 cash, and said $250,000 cash, within the times above limited, then they shall pay to said Trust Company so much of said sum of $250,000 as they shall have procured from said sales, and receive from it the proportion of said $833,000 par value of stock which the sum they so pay in shall bear to said sum of $250,000.

If the Syndicate Managers succeed in providing said total sum of $750,000 out of said sales before September 1st, 1902, or if they have failed so to provide said sum then, and in either of said events, they may, in their discretion, sell all or any part of the shares remaining unsold, at such price as they think proper, or, at their option, may retain the whole or any part of said remainder for distribution among said syndicate, as follows, that is to say: whether what is left after the Syndicate Managers have ceased to sell said stock be money or stock or both, the Syndicate Managers shall first deduct the amount of their expenses hereunder, and shall retain 20 per cent in value of such net remainder as their compensation, and shall distribute the remaining 80 per cent of such net remainder among the members of said syndicate.

As soon as the Syndicate Managers receive said $500,000, whether from the sale of stock or from the payment of the subscriptions of the said syndicate, they are to pay the same and the whole thereof to or upon the order of Company as working capital, the same to be paid over in instalments as received by the Syndicate Managers if and as required for the business of said Company.

The Syndicate Managers shall pay over said $250,000, if and when received by them hereunder, or any part of the same received by them hereunder, to said Trust Company, to the credit of the Purchaser.

In Witness Whereof, the parties hereto have hereunto set their hands and seals the day and year first herein written.

VOTING TRUST AGREEMENT.

This Agreement made this day of , 190 , by and between the undersigned, stockholders of the Company, parties of the first part, and Trust Company, party of the second part:

Witnesseth, That in consideration of the mutual covenants and agreements hereinafter set forth, and in further consideration of the sum of one dollar by each of the parties paid to the others, the receipt of which is hereby acknowledged, the said parties to this agreement hereby agree by and with each other as follows, to wit:

First. The said parties of the first part do hereby assign and transfer and agree to deliver unto the said party of the second part, the number of shares of stock of the Company (a corporation organized and existing under the laws of the State of) set opposite their respective names, to be held by said party of the second part until the day of , 190 ; in trust, however, for said parties of the first part, their executors, administrators, and assigns, at all times subject to the terms and conditions hereinafter set forth.

Second. Said parties of the first part do hereby covenant and agree that said party of the second part as voting trustee for said parties of the first part, shall, for a period of years from date hereof, possess and be entitled to exercise, without restriction or restraint other than is herein contained, the right to vote said shares of stock in said Company hereby conveyed by said parties of the first part to said party of the second part.

Third. The said party of the second part does hereby promise and agree with said parties of the first part, that every holder of voting trust certificates issued as hereinafter provided, shall, immediately upon the execution of this agreement and upon the delivery by him to said party of the second part of the stock certificates hereby assigned, receive from said party of the second part voting trust certificates to an aggregate amount equal to the amount of stock so delivered, which certificate shall be in the following form, to wit:

VOTING TRUST CERTIFICATE.

ISSUED BY THE TRUST COMPANY.

THIS IS TO CERTIFY, that [insert name of stockholder] will within years from date hereof be entitled to receive, and the undersigned does hereby covenant and agree that he shall receive, a certificate for full paid shares of dollars each of the common stock of the Company, and a certificate for full paid shares of dollars each of the preferred stock of the Company, and that in the meantime he shall receive payments equal to the dividends, if any, collected by the undersigned as voting trustee upon a like number of shares of common stock and preferred stock heretofore assigned by said to the undersigned in trust; and until the day of , 190 , the undersigned, as such voting trustee, shall possess and be entitled to exercise the right to vote in respect to any of such stock; it being expressly stipulated and agreed that no voting rights shall pass to the holder hereof by virtue of his ownership of this certificate. This certificate has been issued pursuant to the terms of an agreement in writing dated , 190 , made and entered by the above-named and others, as stockholders of said Company, parties of the first part named in said agreement, and the undersigned as the party of the second part named in said agreement, which agreement is now on file with the undersigned, and is open to inspection at any time by the said , or his assigns.

This certificate is transferable only on the voting trust certificate book (which it is hereby covenanted and agreed shall be kept for that purpose by the undersigned) either in person or by power of attorney duly authorized, according to rules which have been established for that purpose by the undersigned and upon surrender hereof; and until so transferred the undersigned may treat the registered holder as the owner hereof for all purposes whatsoever, except that delivery of such certificates herein shall not be made without the surrender hereof.

In Witness Whereof, the said Trust Company has caused these presents to be signed by its President and its Corporate Seal to be hereunto affixed, and to be attested by its Secretary this day of , 190 .

TRUST COMPANY,

Attest: , *President.*

, *Secretary.*

Fourth. That each and all of the covenants and agreements contained in the foregoing form of voting trust certificate are hereby made part and parcel of this agreement, and shall be and are hereby made binding upon the several parties to this agreement, their executors, administrators, successors, and assigns.

Fifth. At any time until the expiration of this agreement as hereinbefore provided, the said party of the second part may receive any additional full paid shares of the capital stock of the Company, either common or preferred, upon the terms and conditions of this agreement, and it shall deliver in exchange therefor voting trust certificates as hereinbefore provided.

Sixth. In voting stock held by it, the said party of the second part shall exercise its best judgment and discretion at all times in voting for the election of suitable directors for said Company, to the end that the affairs of the Company shall be carefully and intelligently managed, and in voting on all other matters which may come before it at any stockholders' meeting of said Company, shall exercise like judgment and discretion.

Seventh. It is hereby covenanted and agreed that the said party of the second part shall not be liable or incur any responsibility by reason of its acts of omission or commission in the premises, except for wilful misconduct or gross negligence in the execution of the trust hereby created, and which is hereby accepted by said party of the second part.

In Witness Whereof, the several parties to this agreement have hereunto set their hands and seals this day of , 19 .

FORM FOR MINUTES OF MEETING OF STOCKHOLDERS AUTHORIZING BOND ISSUE.

Minutes of a special meeting of the stockholders of the Company, held at the office of the Company in the City of , State of , on the day of , 190 , at o'clock in the noon.

The following stockholders were present in person:

Names.	No. of Shares.

By proxy:

Names.	Names of Proxy.	No. of Shares.

The meeting was called to order by the President, and the Secretary proceeded to take the minutes:

The Secretary reported that due and proper notice of the meeting had been sent to each stockholder, and presented the affidavit of the Secretary to that effect. On motion duly made and seconded, a copy of said affidavit was ordered spread upon the minutes:

(Insert copy of affidavit and notice of meeting.)

The proxies above mentioned were presented and ordered filed.

The following resolution was then presented to the meeting:

Whereas, it seems expedient to the stockholders of the Company that bonds of the said Company be issued to the aggregate amount of thousand dollars ($), each bond to be of the amount of dollars ($), the entire issue to be disposed of on such terms and conditions as the Board of Directors of the Company may hereafter by resolution determine, the said issue of bonds to be secured by a mortgage or trust deed covering all the property both real and personal of said Company wherever situated, such mortgage or trust deed to run to the Trust Company, of , as Trustee for the use and benefit of the purchasers of said bonds; Now, therefore, be it

Resolved, that the Board of Directors of this Company be and they hereby are empowered to provide by appropriate resolution for the issuing of a series of bonds of the denomination of dollars ($) each, aggregating dollars in all, each bond to read substantially as follows: (insert copy of bond and coupons attached). The said bonds to be disposed of on such terms and conditions as the Board of Directors may hereafter by resolution determine, and to be secured by a mortgage or trust deed running to the of the City of , County, , as Trustee, to read as follows, to wit:

(Insert copy of trust deed, etc.)

It was moved and seconded that the foregoing resolution be adopted.

Ballot having been duly had, and all the stockholders having voted, the chairman announced that votes had been cast in favor of the adoption of the foregoing resolution, and that there were no votes cast in opposition thereto. The chairman then announced that there having been more than a majority of the total stock of the Company cast in favor of the adoption of the resolution, the said resolution was therefore duly adopted.

No further business was presented and on motion the meeting adjourned.

, *Secretary*.

Approved:

, *Chairman*.

FORM FOR MINUTES OF MEETING OF DIRECTORS AUTHORIZING BOND ISSUE.

Minutes of a meeting of the Board of Directors of the Company, held at the office of the Company, in the city of , State of , on the day of , 190 , at o'clock in the noon.

Present, , being all (or a majority) of the Board of Directors.

The meeting was called to order by the President, and the Secretary proceeded to take the minutes:

The Secretary presented a waiver of notice of the meeting signed by all the Directors, and on motion duly made and seconded a copy thereof was ordered spread upon the minutes:

(Insert waiver.)

The minutes of the last meeting of the Board were read and approved.

The chairman then presented a copy of a resolution duly passed by the stockholders of the Company at a meeting duly held at the office of the Company, in the city of , State of , at o'clock of said day, providing for the issuance of a series of bonds of the amount of dollars each, aggregating dollars in amount, bearing per cent interest and maturing , 190 . Said bonds to be secured by a mortgage or deed of trust running to , of the city of , as Trustee, on the property of the Company wherever situated, and empowering the Board of Directors of the Company to provide by appropriate resolution for the issuing of said series of bonds to be disposed of on such terms and conditions as this Board may by resolution determine.

On motion duly made and seconded, the following resolution was then unanimously adopted:

Whereas, it has been deemed expedient by the stockholders of the Company that bonds of the said Company in the amount of dollars each be issued to the aggregate amount of dollars, said bonds to be according to the following tenor and effect, to wit:

(Insert form of bond.)

And

Whereas, the stockholders of the Company have provided that said issue of bonds to the amount of dollars shall be secured by a mortgage or deed of trust covering all the property, both real and personal, of said Company wherever situated, such mortgages or deed of trust to run to the of the city of , as Trustee, for the use and benefit of the purchasers of said bonds, and to be in form and substance as follows, to wit: (here insert copy of deed of trust); and

Whereas, said resolution just referred to provided that the entire issue of bonds therein provided for should be disposed of on such terms and conditions as this Board should by resolution determine; now, therefore, be it

Resolved, that the proper officers of this Company be and they hereby are directed and empowered to proceed to issue said series of bonds hereinbefore referred to, aggregating dollars in amount, and they are hereby further directed and empowered to execute for and in behalf of said Company the said mortgage or deed of trust running to the of the city of as Trustee, for the use and benefit of the purchasers of said bonds, all as hereinbefore set forth; and be it further

Resolved, that the said officers of said Company be and they hereby are empowered to dispose of said bonds at their discretion at the best price obtainable, the same to be not less than dollars for each bond of the denomination of dollars (and to give as a bonus to all purchasers of said bonds if they think it expedient so to do, shares of the treasury stock of said Company of the par value of dollars per share for each bond of said Company by them purchased of the denomination of dollars as herein provided for).

(On motion duly made and carried the proper officers of the Company were authorized to take the necessary steps to secure a permit from the State of authorizing the said Company to do business in said State.)

No further business was presented, and on motion the meeting adjourned.

, *Secretary.*

Approved:

, *Chairman.*

CERTIFICATE OF PAYMENT OF CAPITAL STOCK.

We, the President and a majority of the Board of Trustees of the of the State of , do hereby certify that the authorized capital stock of said company is $, of which $ has been paid in, and that there are debts of said Company amounting to $

, *President.*

Trustees {

I, , Secretary of the of the , do hereby swear that the facts stated in the above certificate are true to the best of my knowledge and belief.

Subscribed and sworn to before me this day of January, A. D. 1905.

Notary Public for the State of .

NOTE. — When there are no debts, insert word "no" and strike out "amounting to $."

FORM OF TRUST DEED TO BE EXECUTED BY A CORPORATION IN CONNECTION WITH A BOND ISSUE.

THIS INDENTURE made this day of , 190 , by and between the Company, a stock corporation duly organized and existing under the laws of the State of , party of the first part hereinafter called the Company and the Trust Company, a corporation organized and existing under the laws of the State of , as Trustee for the purposes hereinafter set forth, party of the second part:

Witnesseth, Whereas, the said party of the first part is a corporation duly organized and existing under the laws of the State of , and has acquired several plants and properties hereinafter described, and

Whereas, the Company in the exercise of the powers in that behalf possessed by it and in accordance with the resolutions duly adopted by its Board of Directors and by its stockholders at a meeting duly and regularly called and held, has determined to make and issue its coupon bonds in the aggregate amount of dollars ($) payable in gold coin of the United States of the present standard of weight and fineness, said bonds to be coupon bonds of the par value of dollars ($) each, each of which bonds is to bear a distinctive number, running consecutively from one (1) to hundred ( ) and bearing interest at the rate of per cent per annum from the first day of , 190 , payable semi-annually in like gold coin on the first day of and in each year, and

Whereas, the said party of the first part under and pursuant to the power and authority aforesaid has determined to secure the prompt payment of the principal and interest of all of said bonds by executing and delivering to the Trustee a mortgage or deed of trust in the terms of this indenture, conveying the plants and properties hereinafter described and set forth, and to that end a mortgage or deed of trust securing said bonds in the form of this indenture was submitted to and approved by the Board of Directors and by the holders of the entire capital stock of the said Company, at a meeting of said directors and of said stockholders respectively, duly, and regularly called and held for said purposes, and the President or Vice-President and the Secretary or Assistant Secretary of the Company were duly authorized at said meeting on behalf of said Company as its act and deed and under its corporate seal to execute and deliver the same to the Trustee; and

Whereas, the form of bonds and the coupons to be attached thereto, and of the certificate to be signed by the Trustee for the authentication of said bonds were at said meeting severally and respectively submitted and approved by said resolutions of the Board of Directors and of all the stockholders of the Company, and are substantially of the following tenor, to wit:

(FORM OF BOND.)

UNITED STATES OF AMERICA.

No. $

COMPANY.

First Mortgage per cent Sinking Fund Gold Coupon Bonds.

KNOW ALL MEN BY THESE PRESENTS: That the Company (a corporation organized and existing under the laws of the State of) is indebted and for value received, hereby promises to pay to the bearer or holder hereof, at its agency or office in the City of New York, dollars ($), in gold coin of the United States of the present standard of weight and fineness on the day of , 190 (unless before that time this bond shall have been retired) with interest thereon from , 190 , until the payment or redemption of this bond, at the rate of per cent per annum, payable semi-annually, at said office in like gold coin on the first day of and the first day of of each year thereafter upon presentation and surrender of the annexed coupons therefor as they respectively mature. Both the principal and interest of this bond are payable without reduction for any tax or taxes which the Company may be required to pay thereon or to retain therefrom under or by reason of any present or future law of the United States or of any State, county, or municipality therein.

This bond is one of a series of coupon bonds of the Company, known as its First Mortgage per cent Sinking Fund Gold Coupon Bonds issued or to be issued to an amount not to exceed in the aggregate the principal sum of dollars ($), all of which said bonds are issued or to be issued under and secured by a mortgage or deed of trust dated 1, 190 , executed by the Company to the Trust Company (of the City of ,) as Trustee, to which mortgage or deed of trust reference is here made for a description of the property so deeded or mortgaged, the nature and extent of the security, the rights of holders of bonds under the same, and the terms and conditions upon which said bonds are issued and secured.

This bond is subject to redemption on the day of , 190 , and on the first day of of each year thereafter until its maturity at par with the interest then accrued thereon under the operation of a sinking fund which permits the Company to redeem at least one-tenth of the entire issue of said bonds annually, and is subject to redemption on the terms and in the manner provided in said deed of trust.

This bond shall pass by delivery. This bond shall not be issued or become obligatory for any purpose until it shall have been authenticated by the certificate hereon endorsed of said Trustee under said mortgage or deed of trust.

This bond may be registered in the owner's name on the Company's books in the City of , , or at any other place which the Company may determine, such registry being noted on the bond by the Company's transfer agent, after which no transfer shall be valid unless made on the Company's books by the registered owner and similarly endorsed on the bond, but the same may be discharged from registry by being transferred to bearer after which it shall be transferable by delivery, but it may again be registered as before.

Registry of this bond as above shall not restrain the negotiability of the coupons by delivery merely, but the coupons may be surrendered and the interest made

payable only to the registered owner of the bond, such surrender to be certified as follows:

"This is to certify that the coupons representing the several instalments of interest to become due on the within bonds have been surrendered to the Company and cancelled, and interest on this bond when hereafter due will be payable to the registered owner hereof, as certified hereon, or to his order.

Dated

, *Transfer Agent.*"

In Witness Whereof, the Company has caused this instrument to be signed by its President, and its corporate seal to be hereunto affixed and to be attested by its Secretary, and coupons for said interest with the engraved signature of its Treasurer, to be attached thereto this first day of , 190 .

COMPANY,

By , *President.*

Attest: , *Secretary.*

TRUSTEE'S CERTIFICATE.

This is to certify that this bond is one of the bonds described in the above mentioned indenture of mortgage or deed of trust dated 1, 190 .

TRUST COMPANY, *Trustee*,

By , *Trust Officer.*

FORM OF COUPON.

On the first day of , 190 , the Company will pay the bearer at its office in the City of , dollars ($) in gold coin, free from all taxes, being six months' interest then due on its First Mortgage per cent Sinking Fund Gold Coupon Bonds No.

, *Treasurer.*

and

Whereas, in pursuance of the resolution of the Board of Directors and also of the holders of the capital stock of the Company duly adopted at a meeting of said Board of Directors, and of the stockholders, separately and severally called and held, and in pursuance of all and every legal power and authority in it vested, the Company proposes to make and execute and from time to time hereafter issue and deliver bonds secured as hereinabove and hereinafter more particularly set forth:

Now this Indenture Witnesseth: That to secure the payment of the principal and interest of such bonds as may at any time be issued and outstanding under this indenture, according to their tenor and effect, and to declare the terms and conditions upon which said bonds are to be so issued, the Company, party of the first part, in consideration of the premises and of the purchase and acceptance of such bonds by the holders thereof, and of the sum of one dollar ($1.00) lawful money of the United States of America to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, has executed and delivered these presents, and has granted, bargained, sold, aliened, remised, released, conveyed, confirmed, assigned, transferred, pledged, and set over, and by these presents does grant, bargain, sell, alien, remise, release, convey, confirm, assign, transfer, pledge, and set over upon the party of the second part, and to its successor or successors in the trust hereby created, all and singular the following real estate, plants, factories, goods, chattels, machinery, rights, privileges, franchises, and other property, to wit:

The plant and property now belonging to the Company, situated in the County of , and State of , and more particularly described as follows, to wit:

Together with the buildings and structures, erections and constructions now or hereafter placed thereon, and in addition thereto all machinery, fixtures, appliances, implements, and appurtenances of every kind and character which are now or may be hereafter at any time situated lying and being in, on, or about the said plants, premises, and property described herein, and used or provided for use in and about the operation of said plants and property, and the carrying on of the business of the Company in the same, whether the same are now owned by the said party of the first part, or shall hereafter be acquired by it, it being the intention hereof that said plants, premises, and property shall be and are hereby conveyed as an active-going, operating plant.

To Have and to Hold the said above described premises, property, rights, franchises, and appurtenances, unto the said party of the second part and its lawful successors or assigns forever.

But in Trust Nevertheless, for the benefit, security, and protection of the persons and corporations, firms and partnerships, who may be or become holders of the aforesaid bonds and interest coupons, or any or either of them, and for enforcing the payment thereof when payable, according to the true intent and meaning of the stipulation of this mortgage or deed of trust and of said bonds and of said interest coupons, and without preference, priority, or distinction as to lien or otherwise of any of said bonds over any of the others by reason of priority in the time of the issue of negotiation thereof or otherwise, provided, however, and these presents are upon the express condition that if the party of the first part, its successors or assigns, shall well and truly pay or cause to be paid unto the holders of the bonds to be issued hereunder, the principal and interest to become due thereon, to said holders at the time and in the manner stipulated in said bonds and in said interest coupons according to the true intent and meaning thereof, and shall well and truly keep, observe, and perform all and singular the covenants, promises, and conditions in the said bonds hereby secured and in this indenture expressed to be kept, observed, and performed by or on the part of said party of the first part then these presents and the estate and rights thereby granted, shall cease, determine, and be void, otherwise to remain in full force. And it is expressly covenanted and agreed by and between the parties hereto that the specific trusts, uses, and purposes, conditions and covenants upon which said property and franchises hereby mortgaged and conveyed are to be held by the Trustee and subject to which the said bonds secured hereby are to be issued and to be held by each and every holder thereof, are as follows, that is to say:

First. This mortgage or deed of trust is to be a continuing lien to secure the full and final payment of the principal and interest of all bonds which may be from time to time issued and negotiated under the same, but so that the total aggregate amount of said bonds so issued and negotiated shall not exceed dollars ($), and to be issued upon the terms and of the denominations, and to mature and become payable in the manner and at the place and time or times hereinbefore stated, with interest payable as so stated.

Second. The coupon bonds intended to be secured hereby shall from time to time be executed by the Company and delivered to the Trustee, and the Trustee shall authenticate and deliver the same pursuant to any directions that may be contained in a resolution or resolutions of the Board of Directors of the Company, a certified copy of which shall first be lodged with the Trustee, and the Trustee shall not be under any duty to look behind the same, and shall not be in any way responsible for the issue and negotiation of any of such bonds or the application of their proceeds. Only such of said bonds as shall be so authenticated by the Trustee by signing the certificate endorsed thereon, shall be secured by this mortgage or deed of trust, or be entitled to any lien or benefit hereunder, and such certificate of the Trustee shall be conclusive evidence that the bond so certified has been duly issued hereunder and is entitled to the benefit of the trust hereby created.

Third. The Company covenants and agrees that it will fully and entirely pay off and satisfy the whole of the said bonds to be issued hereunder, principal and interest, according to the terms hereof, without delay and without deduction from either said principal or interest for any assessments, taxes, govern-

mental and other charges now or hereafter imposed upon said bonds or any interest thereon, either by the United States or by any State, country, or municipal authority which the Company may be required to deduct therefrom.

Fourth. Until default shall be made in the payment of the principal or interest of any of the bonds hereby secured or any part thereof, as and when the same shall become due and payable, or in the performance or observance of any condition, covenant, or requirement of said bonds or of this mortgage or deed of trust, the Trustee shall permit and suffer the Company, its successors and assigns, to possess, operate, and enjoy the real and personal property hereby mortgaged with the appurtenances thereto belonging, in any manner not inconsistent with these presents, and to receive and use the total incomes, rents, issues, and profits thereof.

Fifth. When and as the interest coupons attached to the bonds hereby secured mature and are paid by the Company or by any person or corporation for it or on its behalf, they shall be cancelled. All coupons maturing before the delivery of the bonds by the party of the second part shall be cut off and cancelled by the party of the second part before delivery of such bonds.

Upon the payment at maturity or retiracy prior to the maturity by the payment of any bonds hereinbefore provided for, the same shall be cancelled and delivered forthwith to the Trustees.

Sixth. The Company covenants and agrees that it shall and will from time to time pay and discharge before the same shall fall into arrears, all taxes, water rates, assessments, and governmental charges lawfully imposed upon the franchises and lands and other hereby mortgaged premises, or any part thereof, the lien of which might or could be held to be superior to the lien hereof, and will pay and discharge all claims of every kind and nature which may hereafter become a lien upon the hereby mortgaged premises or any part thereof, prior to the lien hereof, so that the priority of this mortgage may be duly preserved and will keep said mortgaged premises or any part thereof in good order and repair, and shall not or will not create or suffer to be created any mechanic's, laborer's, or other lien or charge whatsoever upon the mortgaged premises or any part thereof which might or could be impaired prior to the lien of these presents until the bonds hereby secured with all interest accrued thereon shall be fully paid and satisfied.

Seventh. The Company covenants and agrees that it shall and will at all times, until said bonds hereby secured with all interest accrued thereon shall be fully paid and satisfied, keep such parts of said mortgaged premises or property as are liable to be destroyed or injured by fire, insured against loss by fire in some solvent insurance company or companies authorized to transact business in the State of and approved by the Trustee, to an amount equal to the insurable value of said property payable in case of loss to the Trustee; and all moneys collected from such insurance shall be held by the Trustee for the further security of the bondholders hereunder until the Company shall, after the fire, have applied an equal sum of money to the reconstruction or repair of the part of the premises destroyed or injured, or to the erection of other permanent improvements upon such mortgaged premises whereupon from such insurance moneys held by the Trustee there shall be paid to the said Company, from time to time, an amount equal to the amount so applied by it after the fire to such reconstruction, repair, or erection.

A resolution of the Board of Directors of the Company, stating the amount applied by it to the reconstruction or repair of the premises so destroyed or injured, or to the erection of other permanent improvements upon such mortgaged premises, together with an affidavit of the President, Vice-President, Secretary, or Treasurer of the Company that such sum of money has been so applied, shall be full and complete authority and protection to the Trustee for the payment to the Company, or upon its order, of the amount stated in such resolution and affidavit, and the Trustee shall be under no duty or obligation to look behind such resolution and affidavit, and shall not be in any wise responsible for the application of any moneys so paid over by it.

Eighth. It is further covenanted and agreed that the said Com-

pany shall well and truly pay or cause to be paid all prior liens and indebtedness of whatsoever nature and description that now exist against the property covered by this mortgage or deed of trust prior to the maturity of the principal sum due on said bonds, and the said Company does hereby agree to procure a release thereof from the holders of said lien or said indebtedness, but no duty to see to such payment or the procuring of such release is hereby imposed on the Trustee.

Ninth. The Company shall and will from time to time during the continuance of this trust and mortgage make, execute, and deliver all such further instruments and conveyances as may be necessary to vest in said Trustee and its successors the within described and all subsequently acquired property and rights of property to facilitate the execution of said trust.

Tenth. It is further covenanted and agreed that the personal property hereinbefore described and hereby conveyed, or intended so to be, shall be held and be taken to be fixtures and appurtenances of the premises, and as part thereof, and are to be used and sold therewith and not separate, except as herein expressly provided.

Eleventh. The Company shall be permitted, without reference to the Trustee, to alter, remove, sell, or dispose of any buildings, fixtures, machinery, or other personal property herein described as covered by or located upon the mortgaged premises hereinafter described which cannot be advantageously used in the judicious operation and management of the business of said Company, provided always that said Company shall and it hereby agrees in such case that it will replace any buildings, fixtures, machinery, or other personal property so altered, removed, sold, or disposed of by acquiring subject to this mortgage, other buildings, fixtures, machinery, or other personal property equal in value to the property so altered, removed, sold, or disposed of, the same being erected at the option of said Company upon real estate that may now or hereafter be owned, leased, or otherwise acquired by said Company, or in lieu of the foregoing the said Company shall be permitted, without reference to the Trustee, to alter, remove, sell, or dispose of any buildings, fixtures, machinery, or other personal property erected upon the mortgaged premises above described which cannot be advantageously used in the judicious operation and management of the business of said Company by paying to said Trustee the appraised value of such property, and any such sums so received by said Trustee shall upon request of said Company be invested in bonds secured by this mortgage, or in bonds, mortgages, or securities authorized by law for the investment of funds of savings banks in the City of New York, which bonds, mortgages, or securities shall be held for further security of the bonds secured by this mortgage; but until default in the payment of the principal or interest of the bond secured hereby or some part thereof, the interest and income of said bonds, mortgages, or securities shall be paid to the Company. No duty or responsibility is imposed upon the Trustee by the provisions of this article, except to receive such funds as may be paid to it by the Company, and invest the same as herein provided.

Twelfth. For the purpose of providing against any depreciation of the security reserved herein by reason of any cause, and for the further purpose of providing the necessary funds with which to make payments of said bonds either as they mature or as they may be retired under the conditions herein set forth, said Company shall set aside and reserve from and after the first day of , from its earnings, an amount equal in value to one-tenth in amount of the principal due upon all bonds issued and outstanding on that day, and shall set aside and reserve for the same purpose after the first day of , 190 , 190 , 190 , 190 , 190 , 19 , 19 , 19 , 19 , a similar proportion of the principal due upon all bonds outstanding on those days respectively, such reservation to be for the purpose of providing a sinking fund under the conditions hereinafter set forth.

On or before the first day of of each year, commencing in 190 , while the lien of these presents shall continue, the Company shall pay over to the Trustee all moneys reserved as aforesaid for the purpose of a sinking fund. Immediately upon receipt of moneys by the said Trustee from said Company for the

sinking fund as provided herein, the Trustee shall forthwith on receipt of said moneys draw by lot from the entire number of bonds which shall be outstanding on the first day of , 190 , and in each year thereafter until the year 19 , such a number of bonds for redemption as it shall have funds to redeem at par, the same not to exceed in any case the sum of one-tenth of the amount of bonds outstanding on the day when such payment to the Trustee becomes due and payable, and the holders of said bonds so drawn shall be forthwith notified by the Company in writing that their bonds will be redeemed at par with accrued interest thereon to the first day of September of the year in which the said redemption occurs, and such bonds shall thereupon cease to draw interest from the date fixed for redemption, and shall be redeemed by the said Trustee on and after that day and at the price aforesaid out of the money placed in its hands on account of said sinking fund.

All bonds which shall have been from time to time purchased or redeemed through the sinking fund hereby created shall be forthwith destroyed by the said Trustee in the presence of some officer or other person to be designated by said Company, who shall certify to said Company in writing the fact of said destruction and the number of bonds so destroyed.

Thirteenth. These presents and the trust conditions and powers hereby imposed or granted may be altered, curtailed, enlarged, or added to in any manner that shall be agreed upon between the said Company and the said Trustee provided that such alterations, curtailments, enlargements, or conditions shall have been first approved by the holders of two-thirds in amount of all of the then outstanding bonds secured by these presents at a meeting of the mortgaged bondholders to be summoned by said Trustee at the request of the Board of Directors of said Company and upon two weeks' written notice of the time and place and purpose of said meeting to be sent by mail to all of the said bondholders whose places of residence can be ascertained.

The approval by the requisite number of bondholders of such alterations, curtailments, enlargements, or additions shall be evidenced by some instrument in writing duly executed by them under their hands and seals in person or by attorney duly authorized, which instrument shall be lodged with the said Trustee as its authority for assenting thereto.

The alterations, curtailments, enlargements, or additions, when so approved, shall be embodied in an indenture under seal duly executed by and between the said Company and the said Trustee in such manner as to entitle the same to be recorded in County, in the State of . When said indenture shall have been so executed and delivered to the said Trustee, these presents shall forthwith be deemed to have been altered, curtailed, enlarged, or added to, in accordance therewith, and the Trustee shall cause said indenture to be recorded in said County, but the said Trustee shall have the power to refuse to agree to such alterations, curtailments, enlargements, or additions, in case it shall think that the same shall unreasonably impair or prejudice the rights of the bondholders who do not assent thereto.

Fourteenth. In case default shall be made in the payment of any interest on any of said bonds secured hereby, as and when such interest shall become due, and if default shall continue for one month, or in case default shall be made in the payment of the principal of any of the said bonds when the same shall become due or otherwise become payable, then, and in every such case the Trustee may at its option and in its discretion with or without entry sell all the premises, estate, property, rights, and franchises hereby conveyed, or so intended to be at public auction at the front door of the Court House or other suitable place in the City of , State of , after giving notice of such sale as required by the statutes of the State of in such case made and provided, and from time to time to adjourn such sale or sales, in its discretion and without further notice to hold such adjourned sale or sales hereunder, to make and deliver to the purchaser and purchasers of the premises, estate, property, rights, and franchises so sold a good and sufficient deed or deeds for the same, which sale shall be a perpetual bar both in law and in equity against the said Company, and all persons and corpora-

tions lawfully claiming or to claim by, through, or under it, and upon the making of said sale the principal of all the bonds hereby secured and then outstanding shall forthwith become due and payable, anything in said bonds to the contrary notwithstanding, and upon the making of any such sale the said Trustee shall apply the proceeds thereof as follows, to wit: —

1st. The payment of the costs and expenses of such sale or sales, including a reasonable compensation to said Trustee, its agents, attorney, and counsel, and all expenses, liabilities, and advances made and incurred by said Trustee in managing and maintaining the property hereby conveyed or intended to be conveyed and all taxes and assessments superior to the lien of these presents.

2nd. The payment of the whole amount of principal and interest which shall then be owing or unpaid upon the bonds secured hereby without preference or priority whatever, whether the said principal by the tenor of said bonds be then due or yet to become due, and in case of the insufficiency of such proceeds to pay in full the whole amount of such principal and interest owing and unpaid upon said bonds, then to the payment of such principal and interest *pro rata* without preference or priority, but ratably to the aggregate amount of such principal and accrued and unpaid interest.

3rd. To pay over the surplus, if any, to whomsoever may be lawfully entitled to receive the same.

Fifteenth. It is further declared and agreed that the receipt of the Trustee who shall make the sale hereinbefore authorized shall be a sufficient discharge to the purchaser or purchasers, his or their heirs, or assigns, or personal representatives, and such purchaser or purchasers shall not, after paying such purchase money and receiving such receipt of the Trustee therefor, be obliged to see to the application of such purchase money upon or for the trusts or purposes of these presents, or to be in any wise answerable for any loss, misapplication, or non-application of such purchase money by the Trustee.

Sixteenth. In case default shall be made in the payment of the principal or interest of said bonds, when same shall become due and payable, or in the observance or performance of any covenant or condition in said bonds, or herein contained on the part of the party of the first part, and such default shall continue for six months, it shall be the duty of, and it is hereby made obligatory upon the Trustee, upon the request in writing of a majority in interest of said bonds secured and then outstanding, executed and acknowledged by the holders thereof, or their attorneys thereunto duly authorized in writing, and upon proper indemnification to proceed forthwith to enforce the rights of said Trustee and of the bondholders, hereunder, by sale or entry, or both, according to such requisition, or by judicial proceedings for such purpose, as the Trustee, being advised by counsel, learned in the law, shall deem most expedient in the interest of the holders of the bonds secured thereby; the choice between such remedies being left to the discretion of the Trustee.

Seventeenth. The several remedies granted hereunder shall be cumulative and non-exclusive one of the other, and shall be in addition to all other remedies to enforce the lien of these presents.

Eighteenth. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee or of the bondholders under these presents, the said Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the property hereby mortgaged, and of the earnings, income, rents, issue, and profits thereof, pending such proceedings.

Nineteenth. Upon payment, when due, of both principal and interest of all the bonds which shall have been issued thereunder, the Trustee shall, upon the written request of the Company, enter satisfaction of this mortgage upon the records, and shall do, make, execute, and deliver such deeds, acts, instruments, or assurances as may be necessary to vest all the mortgaged premises and property of the said Company, its successors, and assigns, free and discharged from the lien of these presents.

Twentieth. Upon the terms and conditions stated in this article, and not otherwise, the Trust Company hereby accepts the trust of this instrument,

and the Company and all present and future holders of bonds and coupons secured hereby expressly assent and agree to, and acknowledge themselves bound by, said terms and conditions. The Trustee shall not be answerable to anybody for the default or misconduct of any agent or attorney appointed by it in pursuance hereof, if such agent or attorney shall have been selected with reasonable care, or for anything whatever in connection with this trust, except wilful misconduct or gross negligence after personal notice and distinct specification in writing from some person interested in the trust. The Trustee shall incur no liability to anybody in acting upon any notice, request, consent, certificate, bond, document, or paper believed by it to be genuine and to have been signed by the proper person. It shall be no part of the duty of the Trustee to see to the insurance of any part of the property hereby conveyed in trust, or itself to effect such insurance. The Trustee may become the owner of bonds and coupons secured hereby with the same rights which it would have if it were not Trustee.

The Trustee shall not be personally liable for any debts contracted by it, or for any damage to person or property, or arising out of non-payment of salaries, non-fulfilment of contracts, or for any other tort obligation and liability arising during any period wherein the Trustee shall manage the trust properties hereunder. The trust estate is hereby made primarily liable to such persons for every such liability and for every liability of any kind which the Trustee may incur thereunder; and for compensation for services and reimbursements of all the expenses hereunder with interest, the Trustee shall have a first lien upon the property hereby conveyed. The Trustee shall not be under any obligation or duty to perform any act hereunder, to take any action towards the execution or enforcement of the trust hereby created, or to defend any suit in respect hereof, except upon request in writing of some person or persons interested in the trust, nor unless first satisfactorily indemnified, nor unless satisfactory provisions be made to furnish the Trustee with additional indemnity against liability from time to time as in the judgment of the Trustee may be required for its protection; nor shall the Trustee be required to take notice of any default hereunder, or to take any action in respect of any defaults, unless requested to take notice in respect thereof by a writing signed by the holders of at least a majority in interest of the bonds hereby secured and then outstanding, and tendered reasonable indemnity as aforesaid, anything herein contained to the contrary notwithstanding, but neither any such request nor this provision therefor shall affect any discretion herein or elsewhere especially given to the Trustee.

Any money received by the Trustee under any provision of this indenture may be treated by it, until it is required to pay out the same conformably herewith, as a general deposit, without any liability for interest save such as, during that time, it allows to its general depositors. The Trustee shall not be responsible for the recording, registration, or filing of this instrument or any instrument of further assurance, or for the affixing or cancellation of any revenue stamps or for the estimation or payment of any taxes, or for not complying with the laws of , with respect to such subjects or with respect to any other subject; nor shall it be bound to see that notice of the lien and provisions hereof is given to any person whomsoever, all of which matter the said Company covenants and agrees to see and perform.

The Trustee may, in its discretion, advise with legal counsel to be selected and employed by it at the expense of the Company, and anything done or suffered in good faith by the Trustee in accordance with the opinion of counsel shall be conclusive in favor of the Trustee on the Company and on all holders of bonds and coupons secured hereby.

The duties of the Trustee to the Company, and to the holders of bonds and coupons secured hereby, shall be determined solely by the provisions of this instrument and by the laws of the State of .

The Company agrees, from time to time, on demand, to pay to the Trustee reasonable compensation for its services hereunder; also to make reimbursements to the Trustee for all counsel fees, compensation of attorneys and agents, and other expenditures made by the Trustee hereunder, with interest thereon; also to indemnify and save the Trustee harmless against any and all liabilities of any

kind which the Trustee may incur in the exercise and performance of its powers and duties hereunder, including any penalty or liability suffered by the Trustee under this instrument, or because of any action taken by it thereunder for non-compliance with the laws of , or , concerning foreign corporations or otherwise; and for such indemnification, reimbursement, and payment of Trustee's compensation a first lien is hereby imposed in favor of the Trustee upon all the property and funds hereby conveyed in trust.

The recitals and statements herein, and in said bonds and coupons contained, save only the certificate of authentication by the Trustee, shall be taken as statements by the party of the first part, and shall not be considered as made by or as imposing any obligation or liability upon the Trustee, nor shall the Trustee be held responsible for the legality or validity of said bonds or coupons under any provisions of the laws of , , or otherwise.

And it is further covenanted and agreed that the Trustee may resign and discharge itself of the trust hereby created by notice in writing to the Company to be given at least three months before such resignation is so given. If a vacancy in the office of Trustee hereunder shall occur, a new Trustee shall be appointed as follows:

Ten days' notice shall be given to each holder of the bonds hereby secured, apprising them of the fact that a change of Trustee hereunder is necessary, and that unless objection is made within ten days from the date of such notice by a majority of the bondholders, a new Trustee, to be designated in said notice, will be appointed. If the majority of the bondholders disapprove of the choice designated for such new Trustee, the matter shall be left to the present Trustee, the said Trust Company.

In executing this indenture the Trustee makes no covenant or representation as to the title or interest of the Company in, or to, the property described therein, and it shall be no part of the duty of the Trustee to see that any of the property intended to be conveyed in trust hereunder is properly and legally subjected to the lien hereof.

It is expressly understood that the Trustee shall be under no duty or liability in respect to any tax which may be assessed against the property or against the owners of the bonds hereby secured, in respect to the property hereby conveyed, nor shall the Trustee be under any duty to pay, or see to the payment of, such tax, or take any notice thereof to the holders of the bonds secured hereby, or any other person, and for any expense or liability which the Trustee may incur by reason of, or growing out of, any such tax, the Trustee shall have a lien on the property hereby mortgaged prior to the lien of the bonds hereby secured.

The Trustee shall have the right to require proof of the ownership of any bond by the production of the bond. The holding and date of holding of bonds by any bondholder executing any paper or instrument provided for herein, and the amounts and issue number of the bonds held by such person may be proved by a certificate in writing executed by any depository approved by the Trustee showing that such person had on deposit with such depository the bonds described in such certificate at the date therein mentioned.

In case any bond secured hereby shall become mutilated or lost, then upon the surrender of such mutilated bond to the Trustee, or upon filing with the Trustee evidence of such loss, and giving indemnity which the Trustee shall consider satisfactory, the Company in its discretion may issue, and the Trustee may certify a new bond bearing the same serial number and in identical form in substitution or exchange for the bond so mutilated or lost.

Whenever in this deed of trust the existence of any situation, matter, conclusion, or fact of any character, or the sufficiency or validity of any instrument, paper, or proceeding, or of any proof or evidence of any fact of any character, shall be prescribed as a condition of, or in any manner with respect to, any action or proceeding on the part of the Trustee, or shall be deemed necessary to be ascertained by the Trustee as the basis of an opinion by the Trustee, a certified copy of a resolution of the Company, together with a certificate of the President and Vice-President, Treasurer, Secretary of the Company, verified

under oath, shall in the discretion of the Trustee be sufficient evidence of any such fact, situation, matter or conclusion stated therein, and shall be complete protection on its part upon the faith thereof; but the Trustee may, in its reasonable discretion, require other evidence.

The Company covenants and agrees that it will pay the Trustee hereunder its necessary fees and expenses in the execution of the trust hereby created.

In Witness Whereof, the party of the first part has caused these presents to be signed by its President, and its corporate seal to be hereunto affixed, and attested by its Secretary and the party of the second part, in token of its acceptance of the trusts and the obligations hereby imposed upon it, has caused these presents to be signed by its second Vice-President, and attested by its Secretary, and its seal to be hereunto affixed, the day and year first herein written.

COMPANY.

By , *President.*

Attest: , *Secretary.*

TRUST COMPANY, *Trustee.*

By , *Vice-President.*

State of }
County of } ss.

Before me, , a Notary Public, in and for the County of , State of , on this day personally appeared , known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the President of the Company, a corporation, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed and as the act of said corporation.

, *Notary Public,*
Co.

State of }
County of } ss.

Before me, , a Notary Public, in and for the County of , State of , on this day personally appeared , known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the of the Trust Company, a corporation, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act of said corporation.

, *Notary Public,*
Co.

SPECIAL CLAUSE FOR INSERTION IN TRUST DEED TO SECURE ISSUE OF BONDS.

The trustees shall hold the moneys to arise from any sale calling in collection or conversion into money under the primary trust for conversion upon trust that they shall thereout in the first place pay or retain the costs or expenses incurred in or about the execution of the primary trust for conversion or otherwise in relation to this deed, including their own remuneration, and shall apply the residue of such moneys, first, in or toward payment to the note holders (*pari passu* in proportion to the respective nominal amounts due therefor) of all arrears of interest and interest on interest remaining unpaid on the notes held by them respectively; secondly, in or toward payments to the note holders *pari passu* in proportion to the respective nominal amounts of the notes held by them respectively and without any preference or priority either on account of priority of issue or of any notes having been drawn for redemption or otherwise howsoever, of all principal moneys due in respect of the notes held by them respectively, and that whether the said principal moneys shall or shall not then be payable; and, thirdly, shall pay the surplus if any of such moneys to the company or its assigns.

Provided always that if the amount of the moneys at any time applicable under the preceding provisions of this clause to payment of the principal moneys of the notes shall be less than 10 per cent on the notes, the trustees may at their discretion invest such moneys upon some or one of the investments hereinafter authorized, with power from time to time at the like discretion to vary such investments, and such investments, with the resulting income thereof, may be accumulated until the accumulations together with any other funds for the time being under the control of the trustees and applicable for the purpose shall amount to a sum sufficient to pay 10 per cent upon the notes and that such accumulations and funds shall be applied in manner aforesaid.

COPY OF RESOLUTION PASSED AT STOCKHOLDERS' MEETING, TAKING OVER ASSETS OF A COPARTNERSHIP.

Upon motion duly made and seconded, and by the affirmative vote of all present, the following preambles and resolution were unanimously adopted:

Whereas, , copartners doing business under the name and style of , in the City of , have offered to assign to this Company the good will and personal property belonging to said copartnership (which said personal property is more particularly described in a proposed Bill of Sale therefor, a copy thereof being inserted in the Minute Book of this Corporation) in consideration of the issue of stock of this Company to them in the amount of dollars par value; and

Whereas, it appears to the stockholders of this Company that such property is necessary for the business of this Company, and that the same is of the value of dollars; Now, therefore, be it

Resolved, that the Board of Directors of this Company be and they hereby are authorized and directed to purchase the said property above mentioned for the said price and to issue said stock in payment thereof.

COPY OF RESOLUTION PASSED AT DIRECTORS' MEETING.

Upon motion duly made and seconded, it was

Resolved, that this Company accept the offer of and , copartners doing business as , to sell to this Company the property described in the resolution passed at the first meeting of the Corporation, authorizing such purchase, and the Board of Directors do hereby adjudge and declare that said property is of the fair value of thousand dollars ($); and that the same is necessary for the business of this Company; and be it further

Resolved, that the proposed agreement for the sale of said property presented at this meeting be and the same hereby is approved as to form, and the President and Secretary of the Company are hereby authorized and directed to execute said

agreement in the name and on the behalf of this company and to affix the corporate seal thereto; and be it further

Resolved, that the President and Secretary be and they hereby are authorized and directed to issue to the order of said certificates of full paid stock of this Company to the amount of thousand dollars.

BILL OF SALE.

KNOW ALL MEN BY THESE PRESENTS: That I, , doing business in , State of , under the name and style of , party of the first part, in consideration of the sum of one dollar and other valuable considerations, to me in hand paid by the Company, a Corporation organized and existing under the laws of the State of , party of the second part, the receipt whereof I do hereby acknowledge, have bargained, sold, granted, and conveyed, and by these presents do bargain, sell, grant, and convey unto the said party of the second part, its successors and assigns, all the personal property, good will, and assets of whatsoever nature, of the business conducted by me under the name and style of , at No. , County, State of , of which personal property and assets a schedule is hereto annexed marked "Exhibit A," and is hereby made a part of this Bill of Sale.

To Have and to Hold the same unto the said party of the second part, its successors and assigns, forever.

In Witness Whereof, I have hereunto set my hand and seal this day of May, 1906. (L. S.)

Signed, sealed, and delivered in the presence of

BOND SECURING A CORPORATION FROM LOSS ON ACCOUNT OF ISSUANCE OF DUPLICATE CERTIFICATE OF STOCK.

KNOW ALL MEN BY THESE PRESENTS: That we, , of the City of , State of , and , of the City of , State of , and , of the City of , State of , are held and firmly bound unto the Company, a Corporation organized and existing under the laws of the State of , in the sum of twenty thousand dollars ($20,000), good and lawful money of the United States, to be paid to the said Company, its successors and assigns; for which payment well and truly to be made we do bind ourselves, our heirs, executors, and administrators, jointly and severally, firmly by these presents: and

Whereas, the Company (a Corporation organized and existing under the laws of the State of), did on the day of , 190 , issue a certificate of stock (numbered) to , of the City of , State of , for ten thousand (10,000) shares of the capital stock of said Company, of the par value of dollars ($) each; and

Whereas, said stock certificate is alleged to be lost so that the same cannot be found; and

Whereas, the said has requested the said Company to issue a new certificate to him in place of said lost certificate; and

Whereas, the said Company is willing to issue a new certificate in place of the one alleged to be lost, provided it be properly indemnified in the premises. Now, the condition of this obligation is such that if the said above bounden , and , and , their executors or administrators, or any of them, shall indemnify and save harmless the said Company from and against any and all suits, actions, damages, costs, charges, and expenses in any suit arising out of or connected with the loss of said certificate

of stock above referred to, then this obligation is to be void, otherwise to remain in full force and effect.

_____

_____

_____

State of }
County of } ss.

On this day of , in the year 1906, before me personally came and , to me known and known to me to be the individuals described in and who executed the foregoing instrument, and they severally acknowledged to me that they executed the same.

_____

Notary Public.

BOND OF TREASURER.

KNOW ALL MEN BY THESE PRESENTS: That we, all of city in the State of , are held and firmly bound unto the Company in the sum of dollars lawful money of the United States, to be paid to the said Company, its successors and assigns; to which payment well and truly to be made we bind ourselves, our heirs, executors, and administrators jointly, severally, and firmly by these presents. The condition of the above obligation is, that:

Whereas, the said has been duly elected treasurer of the Company and is about to enter on the duties of the said office, now, therefore, if the said shall faithfully discharge his duties as such treasurer during his term of office, and shall safely keep and truly account for any and all moneys, goods, and chattels, and other things coming to his hands as such treasurer during his term of office, and at the expiration of the same shall pay over to his successor in office, or to any other person duly authorized by said Company to receive such moneys, goods, and chattels and other things received by him as such treasurer and not otherwise lawfully paid out, together with all books, papers, and other things belonging to said office, and shall at the expiration of his said term of office of treasurer render a just and true account of his doings as such treasurer, then this obligation shall become null and void, otherwise to remain in full force and effect.

_____ (SEAL.)

_____ (SEAL.)

_____ (SEAL.)

CERTIFICATE OF CLERK CERTIFYING TO HIS APPOINTMENT.

(MAINE.)

I, , a resident of the State of Maine, residing at , in the City of , State of Maine, hereby certify that on the day of , 190 . I was duly elected Clerk of the Company, a Corporation duly organized and existing under the laws of the State of Maine, and that I have accepted and qualified for said office, and that my legal residence is as above stated.

Dated .

, *Clerk.*

FORM FOR CORPORATE SIGNATURE.

In Witness Whereof, the said Company has hereunto caused its corporate name to be signed and its corporate seal hereunto affixed by , its President, and by , its Secretary, at the City of , State of , this day of , 190 .

Company.

By , *President.*

Attest:

, *Secretary.*

FORM FOR INSERTION IN BY-LAWS AS TO POWERS OF GENERAL MANAGER.

The duties of the General Manager shall be to exercise general supervision and direction of all the business interests of the Company, and in connection therewith to control, direct, and superintend all the business of the Company wherever conducted or carried on, and in connection therewith to employ all clerical help and such labor as may be necessary to properly conduct the business of the Company.

FORM FOR APPOINTMENT OF MANAGING DIRECTORS.

That be and they hereby are appointed Managing Directors of Company, with general supervision and direction of the business interests of the Company, and with such additional powers as the Board of Directors or the stockholders of this Company may from time to time confer upon them.

AFFIDAVIT OF MAILING NOTICE OF STOCKHOLDERS' MEETING.

State of }
County of } ss.

, having first been duly sworn, on oath says, that he is the Secretary of the Company, a Corporation organized and existing under the laws of the State of ; that on the day of , 190 , he caused a notice of the annual (or special) meeting of the stockholders of said Company, a true copy of which is hereto annexed and is hereby made a part of this affidavit, to be mailed in a sealed envelope, postage prepaid, addressed to each stockholder of record of said Company at his last known address as the same appears on the books of the Company.

Sworn and subscribed to before me this day of , 190 .

, *Notary Public*,
County.

FORM FOR ACKNOWLEDGMENT BY ATTORNEY IN FACT.

State of }
County of } ss.

I hereby certify that on this day of in the year of our Lord before me, the subscriber (title of officer taking acknowledgment), personally appeared (name of attorney), the attorney of (name of principal) named in the foregoing (name of instrument), and by virtue and in pursuance of the authority heretofore conferred upon him acknowledged that he executed the said (name of instrument) as the act of said (principal's name).

ACCEPTANCE OF CONSTITUTION.

Whereas, the Company, a Corporation organized and existing under the laws of the State of , having duly filed in the office of the Secretary of State of the State of a duly authenticated copy of its articles of incorporation, and having formally made application for a permit to do business in said State of as a foreign Corporation;

Now, therefore, the said Company, desiring and intending to conform in all respects to the Constitution and Laws of said State and to avail itself of the rights, privileges, and immunities granted by said Constitution and Laws, does hereby accept the provisions of the Constitution of the State of , for all intents and purposes contemplated by the provisions thereof relating to such acceptance by all private business corporations.

In Witness Whereof, the said Company has caused this certificate and acceptance to be executed, acknowledged, and delivered in its name and on its behalf by its President and to be attested by its Secretary, and hath caused its corporate seal to be hereunto affixed at , in the County of , State of , this day of .

Company.

By , *President.*

Attest: , *Secretary.*

State of }
County of } ss.

On this day of , in the year 190 , before me, , a Notary Public in and for said County and in the State aforesaid, personally appeared , known to me to be the President of the Corporation that executed the within and foregoing certificate, and acknowledged to me that said Corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my notarial seal this day of , 190 .

My commission expires on the day of , 190 .

CERTIFICATE OF INCORPORATION

OF

UNITED STATES STEEL CORPORATION (AS AMENDED) (NEW JERSEY CHARTER).

We, the undersigned, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the Act of the Legislature of the State of New Jersey, entitled "An Act concerning Corporations (Revision of 1896)," and the acts amendatory thereof and supplemental thereto, do hereby certify as follows:

I. The name of the corporation is UNITED STATES STEEL CORPORATION.

II. (Clause designating office and agent in New Jersey.)

III. The objects for which the corporation is formed are:

To manufacture iron, steel, manganese, coke, copper, lumber, and other materials, and all or any articles consisting, or partly consisting, of iron, steel, copper, wood, or other materials, and all or any products thereof.

To acquire, own, lease, occupy, use, or develop any lands containing coal or iron, manganese, stone, or other ores, or oil, and any wood lands, or other lands for any purpose of the Company.

To mine, or otherwise to extract or remove, coal, ores, stone and other minerals and timber from any lands owned, acquired, leased, or occupied by the Company, or from any other lands.

To buy and sell, or otherwise to deal or to traffic in iron, steel, manganese, copper, stone, ores, coal, coke, wood, lumber, and other materials, and any of the products thereof, and any articles consisting or partly consisting thereof.

To construct bridges, buildings, machinery, ships, boats, engines, cars, and other equipment, railroads, docks, slips, elevators, water works, gas works, and electric works, viaducts, aqueducts, canals, and other water-ways, and any other means of transportation, and to sell the same, or otherwise to dispose thereof, or to maintain and operate the same, except that the Company shall not maintain or operate any railroad or canal in the State of New Jersey.

To apply for, obtain, register, purchase, lease, or otherwise to acquire, and to hold, use, own, operate, and introduce, and to sell, assign, or otherwise to dispose of, any trade marks, trade names, patents, inventions, improvements, and processes used in connection with or secured under letters patent of the United States, or elsewhere or otherwise, and to use, exercise, develop, grant licenses in respect of, or otherwise to turn to account any such trade marks, patents, licenses, processes, and the like, or any such property or rights.

To engage in any other manufacturing, mining, construction, or transportation business of any kind or character whatsoever, and to that end to acquire, hold, own, and dispose of any and all property, assets, stocks, bonds, and rights of any and every kind, but not to engage in any business hereunder which shall require the exercise of the right of eminent domain within the State of New Jersey.

To acquire by purchase, subscription, or otherwise, and to hold or to dispose of, stocks, bonds, or any other obligations of any corporation formed for, or then or heretofore engaged in or pursuing, any one or more of the kinds of business, purposes, objects or operations above indicated, or owning or holding any property of any kind herein mentioned, or of any corporation owning or holding the stocks or the obligations of any such corporation.

To hold for investment, or otherwise to use, sell, or dispose of, any stock, bonds, or other obligations of any such other corporation; to aid in any manner any corporation whose stock, bonds, or other obligations are held or in any manner guaranteed by the Company, and to do any other acts or things for the preservation, protection, improvement, or enhancement of the value of any such stock, bonds, or other obligations, or to do any acts or things designed for any such purpose; and, while owner of any such stock, bonds, or other obligations, to exercise all the rights, powers, and privileges of ownership thereof, and to exercise any and all voting power thereon.

The business or purpose of the Company is from time to time to do any one or more of the acts and things herein set forth; and it may conduct its business in other States, and in the Territories, and in foreign countries, and may have one office, or more than one office, and keep the books of the Company outside of the State of New Jersey, except as otherwise may be provided by law; and may hold, purchase, mortgage, and convey real and personal property, either in or out of the State of New Jersey.

Without in any particular limiting any of the objects and powers of the corporation, it is hereby expressly declared and provided that the corporation shall have power to issue bonds and other obligations in payment for property purchased or acquired by it, or for any other object in or about its business; to mortgage or pledge any stocks, bonds, or other obligations, or any property which may be acquired by it, to secure any bonds or other obligations by it issued or incurred; to guarantee any dividends, or bonds, or contracts, or other obligations; to make and perform contracts of any kind and description and in carrying on its business, or for the purpose of attaining or furthering any of its objects, to do any and all other acts and things, and to exercise any and all other powers which a copartnership or natural person could do and exercise, and which now or hereafter may be authorized by law.

IV. The total authorized capital stock of the corporation is eleven hundred million dollars ($1,100,000,000), divided into eleven million shares of the par value of one hundred dollars each. Of such total authorized capital stock, five million five hundred thousand shares, amounting to five hundred and fifty million dollars, shall

be preferred stock, and five million five hundred thousand shares, amounting to five hundred and fifty million dollars, shall be common stock.

From time to time, the preferred stock and the common stock may be increased according to law, and may be issued in such amounts and proportions as shall be determined by the Board of Directors, and as may be permitted by law.

The holders of the preferred stock shall be entitled to receive when and as declared, from the surplus or net profits of the corporation, yearly dividends at the rate of seven per centum per annum, and no more, *payable quarterly on dates to be fixed by the by-laws*. The dividends on the preferred stock shall be cumulative, and shall be payable before any dividend on the common stock shall be paid or set apart; so that, if in any year dividends amounting to seven per cent shall not have been paid thereon, the deficiency shall be payable before any dividends shall be paid upon or set apart for the common stock.

Whenever all cumulative dividends on the preferred stock for all previous years shall have been declared and shall have become payable, and the accrued quarterly instalments for the current year shall have been declared, and the Company shall have paid such cumulative dividends for previous years, and such accrued quarterly instalments, or shall have set aside from its surplus or net profits a sum sufficient for the payment thereof, the Board of Directors may declare dividends on the common stock, payable then or thereafter, out of any remaining surplus or net profits.

In the event of any liquidation or dissolution or winding up (whether voluntary or involuntary) of the corporation, the holders of the preferred stock shall be entitled to be paid in full both the par amount of their shares, and the unpaid dividends accrued thereon, before any amount shall be paid to the holders of the common stock; and after the payment to the holders of the preferred stock of its par value, and the unpaid accrued dividends thereon, the remaining assets and funds shall be divided and paid to the holders of the common stock according to their respective shares.

V. The names and post-office addresses of the incorporators, and the number of shares of stock for which severally and respectively we do hereby subscribe (the aggregate of our said subscriptions being thousand dollars, is the amount of capital stock with which the corporation will commence business), are as follows:

(Here follow the names and post-office addresses of each of the incorporators, and the number of shares of stock subscribed for by each.)

VI. The duration of the corporation shall be perpetual.

VII. The number of Directors of the Company shall be fixed from time to time by the by-laws; but the number, if fixed at more than three, shall be some multiple of three. The Directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes, each consisting of one-third of the whole number of the Board of Directors. The Directors of the first class shall be elected for a term of one year; the Directors of the second class for a term of two years; and the Directors of the third class for a term of three years; and at each annual election the successors to the class of Directors whose terms shall expire in that year shall be elected to hold office for the term of three years, so that the term of office of one class of Directors shall expire in each year.

The number of the Directors may be increased as may be provided in the by-laws. In case of any increase of the number of the Directors the additional Directors shall be elected as may be provided in the by-laws by the Directors or by the stockholders at an annual or special meeting; and one-third of their number shall be elected for the then unexpired portion of the term of the Directors of the first class, one-third of their number for the unexpired portion of the term of the Directors of the second class, and one-third of their number for the unexpired portion of the term of the Directors of the third class, so that each class of Directors shall be increased equally.

In case of any vacancy in any class of Directors through death, resignation, disqualification or other cause, the remaining Directors, by affirmative vote of a majority of the Board of Directors, may elect a successor to hold office for the unexpired portion of the term of the Director whose place shall be vacant, and until the election of a successor.

The Board of Directors shall have power to hold their meetings outside of the State of New Jersey at such places as from time to time may be designated by the by-laws or by resolution of the Board. The by-laws may prescribe the number of Directors necessary to constitute a quorum of the Board of Directors, *which number may be less than a majority of the whole number of the Directors.*

Unless authorized by votes given in person or by proxy by stockholders holding at least two-thirds of the capital stock of the corporation, which is represented and voted upon in person or by proxy at a meeting specially called for that purpose, or at an annual meeting, the Board of Directors shall not mortgage or pledge any of its real property, or any shares of the capital stock of any other corporation; but this prohibition shall not be construed to apply to the execution of any purchase-money mortgage or any other purchase-money lien.

As authorized by the Act of the Legislature of the State of New Jersey, passed March 22, 1901, amending the seventeenth section of the Act concerning Corporations (Revision of 1896), any action which theretofore required the consent of the holders of two-thirds of the stock at any meeting, after notice to them given, or required their consent in writing to be filed, may be taken upon the consent of, and the consent given and filed by, the holders of two-thirds of the stock of each class represented at such meeting in person or by proxy.

Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors.

Any other officer or employee of the Company may be removed at any time by vote of the Board of Directors, or by any committee or superior officer upon whom such power of removal may be conferred by the by-laws or by a vote of the Board of Directors.

The Board of Directors, by the affirmative vote of a majority of the whole board, may appoint from the Directors an executive committee, of which a majority shall constitute a quorum; and, to such extent as shall be provided in the by-laws, such committee shall have and may exercise all or any of the powers of the Board of Directors, including power to cause the seal of the corporation to be affixed to all papers that may require it.

The Board of Directors, by the affirmative vote of a majority of the whole board, may appoint any other Standing Committees, and such Standing Committees shall have and may exercise such powers as shall be conferred or authorized by the by-laws.

The Board of Directors may appoint not only other officers of the Company, but also one or more vice-presidents, one or more assistant treasurers, and one or more assistant secretaries; and, to the extent provided in the by-laws, the persons so appointed respectively shall have and may exercise all the powers of the president, of the treasurer, and of the secretary respectively.

The Board of Directors shall have power from time to time to fix and to determine and to vary the amount of the working capital of the Company; and to direct and determine the use and disposition of any surplus or net profits over and above the capital stock paid in; and in its discretion the Board of Directors may use and apply any such surplus or accumulated profits in purchasing or acquiring its bonds or other obligations, or shares of its own capital stock, to such extent and in such manner and upon such terms as the Board of Directors shall deem expedient; but shares of such capital stock so purchased or acquired may be resold, unless such shares shall have been retired for the purpose of decreasing the Company's capital stock as provided by law.

The Board of Directors from time to time shall determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any account or book or document of the corporation, except as conferred by statute or authorized by the Board of Directors or by a resolution of the stockholders.

Subject always to by-laws made by the stockholders, the Board of Directors may make by-laws, and, from time to time, may alter, amend, or repeal any by-laws; but any by-laws made by the Board of Directors may be altered or repealed by the

stockholders at any annual meeting, or at any special meeting, provided notice of such proposed alteration or repeal be included in the notice of the meeting.

In Witness Whereof, we have hereunto set our hands and seals the 23d day of February, 1901.

(Signatures of Incorporators.)

CERTIFICATE OF INCORPORATION

OF

Auditing Company (New Jersey Charter).

Article 1. The corporate name is:

Article 2. The objects of the corporation are:

To open, take charge of, maintain, keep, institute, examine, audit, certify to, and guarantee the correctness of the books and accounts of all persons, firms, partnerships, corporations, banks, trust estates, trust companies, Building and Loan Associations, beneficial associations, and all other natural or corporate beings whatsoever.

To furnish all persons, firms, partnerships, and corporations with complete and modern system or systems of auditing and accounting, and to act as controller or auditor thereof, and to issue certificates of efficiency to accountants.

To act as a collecting agency for its patrons, take assignments of claims against debtors of its patrons and others, and sue thereon in its own name, if not prohibited, to act as mercantile agency, to investigate and recommend persons desirous of doing business with its patrons and others, and to issue certificates as to the responsibility of persons, firms, partnerships, and corporations.

To make and keep, by means of photography or otherwise, complete and accurate copies or records of the books and accounts of all persons, firms, partnerships, corporations, trust estates, Building and Loan Associations, beneficial associations, municipalities, and the records of all other natural or corporate beings whatsoever.

Said corporation shall indemnify and save harmless its patrons from any and all costs or expenses, loss or damage, arising out of any error committed by said corporation or its agents in the duties aforesaid, and said corporation hereby expressly waives all rights to any benefits of any statute of limitation now in force or hereinafter to be enacted.

As subsidiary objects and powers the corporation may

Manufacture, purchase, or otherwise acquire, goods, wares, merchandise, and personal property of every class and description, and hold, own, mortgage, sell, or otherwise dispose of, trade, deal in, and deal with the same.

Acquire and undertake the good will, property, rights, franchises, and assets of every kind and the liabilities of any person, firm, partnership, or corporation, either partly or wholly, and pay for the same in cash, stock, or bonds of the corporation or otherwise.

Enter into, make, perform, and carry out contracts of every kind and for any lawful purpose with any person, firm, association, or corporation.

Borrow or raise money without limit as to amount by the issue of, or upon warrants, bonds, debentures, and other negotiable or transferable instruments or otherwise.

Hold, purchase, or otherwise acquire, sell, assign, transfer, mortgage, pledge, or otherwise dispose of shares of the capital stock, bonds, debentures, or other evidences of indebtedness created by any other corporation or corporations, and while the owner thereof exercise all the rights and privileges of ownership, including the right to vote thereon.

To apply for, purchase, or otherwise acquire, and to hold, own, use, operate, and to sell, assign, or to otherwise dispose of; to grant licenses in respect of, or to otherwise turn to account any and all inventions, improvements, processes, and trade marks used in connection with, or secured under, letters patent or copyright of the United States of America, or elsewhere or otherwise, and with a view to the

working and development of the same, to carry on any business, whether manufacturing or otherwise, which the corporation may think calculated directly or indirectly to effectuate these objects.

Conduct business in any of the States, Territories, colonies, or dependencies of the United States, in the District of Columbia, and in any and all foreign countries; to have one or more offices therein, and to hold, purchase, and convey and mortgage real and personal property without limit as to amount therein, but always subject to the laws thereof.

Remunerate any person or corporation for services rendered, or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares of the capital stock of the corporation, or any debentures or other securities of the corporation, or in, or about the formation or promotion of the corporation, or in the conduct of its business.

Subject to the provisions of law, purchase, hold, and reissue the shares of its capital stock.

Do any and all the things herein set forth to the same extent as natural persons might or could do, and in any part of the world.

In general, the corporation may carry on any other business in connection with the foregoing, whether manufacturing or otherwise, and have and exercise all the powers conferred by the laws of New Jersey upon corporations formed under the act hereinafter referred to; it being hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the corporation.

ARTICLE 3. The corporation shall be authorized to issue capital stock to the extent of two hundred thousand dollars ($200,000), divided into two thousand shares of the par value of one hundred dollars ($100) each.

ARTICLE 4. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors are expressly authorized:

To hold their meetings, to have one or more offices, and to keep the books of the Company within or without the State of New Jersey, at such places as may be from time to time designated by them; but the Company shall always keep at its principal and registered office in New Jersey, a transfer book in which the transfers of stock can be made, entered, and registered, and also a book containing the names and addresses of the stockholders, and the number of shares held by them respectively, which shall be at all times during the business hours open to the inspection of the stockholders in person.

To determine from time to time whether, and, if allowed, under what conditions and regulations the accounts and books of the Company (other than the stock and transfer books) or any of them shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are, and shall be restricted or limited accordingly.

To make, alter, amend, rescind the by-laws of the Company, to fix the amount to be reserved as working capital, to fix the times for the declaration and payment of dividends, to authorize and cause to be executed mortgages and liens upon the real and personal property of the Company, provided always that the majority of the whole Board concur therein.

By a resolution passed by a majority vote of the whole Board, under suitable provision of the by-laws, to designate two or more of their number to constitute an Executive Committee, which Committee shall for the time being, as provided in said resolution, or in the by-laws, have and exercise any and all the powers of the Board of Directors which may be lawfully delegated in the management of the business and affairs of the Company, and shall have power to authorize the seal of the Company to be affixed to all papers which may require it.

With the consent in writing and pursuant also to the affirmative vote of the holders of the majority of the stock issued and outstanding, at a stockholders' meeting duly called for that purpose, to sell, assign, transfer, or otherwise dispose of the property of the Company as an entirety, provided, always, that the majority of the whole Board concur therein.

The Company may apply and use its surplus earnings or accumulated profits to

the purchase or acquisition of property, and to the acquisition and purchase of its own capital stock from time to time, to such extent and in such manner, and upon such terms as its Board of Directors may determine; and neither the property nor capital stock so purchased or acquired shall be regarded as profits for the purpose of declaration or payment of dividends, unless otherwise determined by a majority of the Board of Directors.

The corporation reserves the right to amend, alter, or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred to stockholders are granted subject to this reservation.

All disputes between members of the corporation, or between it and its patrons, shall be settled by arbitration; the party claimant delivering personally or by United States mail to the party defendant at his home or place of business, the claim verified by affidavit, to which claim the party defendant shall have sixty days to reply. The party claimant may then appoint an arbitrator, giving written notice thereof to the party defendant, who shall within ten days appoint the second arbitrator, or the first arbitrator shall then make such appointment, both of said arbitrators to be versed in the subject matter of dispute; said two arbitrators shall then appoint the third who shall be learned in the law and shall preside over the Board, whose hearings shall be held at such time and place as may be fixed by the Board. Upon due notice, the parties shall submit in writing to said arbitrators all the facts verified by affidavit, and may be heard by counsel. The decision of said arbitrators, or a majority of them, shall be final and conclusive and without appeal. If the award is not settled or complied with within twenty days, the successful party, if the award is for money, may file the same in the Court having jurisdiction and proceed to execution and sale in the usual course for the enforcement of said award; or, in case the award is in equity, the successful party may file a bill reciting only these proceedings and the award, and praying for the aid of said Court to enforce compliance therewith.

Article 5. (Clause designating office and agent in New Jersey.)

In accordance with an Act of the Legislature of the State of New Jersey entitled "An Act Concerning Corporations" (Revision of 1896) and the Acts amendatory thereof and supplemental thereto, for the purpose of forming a corporation of unlimited duration to do business within and without the State of New Jersey, the undersigned do respectively subscribe for the capital stock with which the corporation will begin business, and do agree to take the number of shares set opposite our names, and have accordingly signed this certificate and affixed our seals thereto.

Name.	No. of Shares taken by each Subscriber.	Amount

CERTIFICATE OF INCORPORATION

OF

BROKERAGE COMPANY (NEW YORK CHARTER).

We, the undersigned, being all persons of full age, all being citizens of the United States and all residents of the State of New York, desiring to form a Stock Corporation pursuant to the provisions of the Business Corporations Law of the State of New York, do hereby make, sign, acknowledge, and file this certificate for that purpose as follows.

NAME.

First. The name of the proposed corporation is:

OBJECTS.

Second. The purposes for which it is formed are to buy, sell, negotiate, exchange pledge, trade, and deal in and with shares, stocks, debentures, scrip, bonds, and se-

curities of any government, State, or public or private corporation, or any corporate body; to trade and deal in and with real estate, mines, metals, minerals, and oil, cotton, grain, produce, or other commodities; to invest in any or either of the foregoing, and from time to time to change the investments of the Company; to mortgage, pledge, or otherwise charge all or any part of the investments of the Company or its property and rights; to make advances on, sell, or dispose of any property or investments; or to act as agent, factor, or broker for any or either of the corporate purposes; to purchase or otherwise acquire the capital stock, shares, debentures, scrip, bonds, or other evidences of indebtedness of any other corporation, and to issue and exchange its own stock, shares, bonds, debentures, scrip, or other evidences of indebtedness in payment therefor, and while the owner thereof to exercise all the rights of ownership, including the power to vote upon such stock or shares; to purchase, receive, hold, and own mortgages, debentures, shares, and other securities or obligations of any public, private, or municipal corporation, or bonds or other securities or obligations of the Government of the United States, or of any State, district, territory, colony, or dependency of the United States or of any foreign country, State, or colony; to collect and receive, disburse and dispose, of all interest, dividends, accumulations, earnings, and income from, upon, or on account of any bonds, debentures, stocks, shares, securities, contracts, evidences of debt, obligations, or other property held or owned by the corporation thereto; to do any and all lawful acts tending to increase or enhance the value of the property of the Company; to issue stock, shares, bonds, debentures, certificates, scrip, or other corporate obligations, and to secure the payment thereof by mortgage, pledge, or deed of trust of or upon the whole or any portion of the corporate property or funds; to sell, pledge, or otherwise dispose of bonds, debentures, or other corporate obligations for proper and lawful corporate purposes, as and when the Board of Directors shall deem necessary, advisable, or expedient; to promote the corporate business of investment and dealing in securities in all lawful ways; and to receive, collect, transmit, pay out, and disburse funds in the course of its business; and to the extent authorized by law to lease, purchase, or otherwise acquire, hold, use, sell, trade, and deal in and with, assign, pledge, mortgage, transfer, and convey real and personal property of any name or nature, excepting bills of exchange, gold or silver bullion; to deal in foreign exchange, to issue and accept drafts and bills of exchange; to issue promissory notes, scrip, drafts, acceptances, or other corporate obligations, and negotiate the same.

Generally to purchase, take on lease or in exchange, hire, or otherwise acquire any real or personal property, and any rights or privileges which the Company may deem useful, necessary, desirable, proper, or convenient for the purposes of its business or in the development or extension thereof.

Amount of Capital Stock.

Third. The amount of capital stock is dollars ($). The amount of capital with which the Company will begin business is dollars.

Number of Shares.

Fourth. The number of shares of which the aforesaid capital shall consist is shares of the par value of $ each. shares thereof shall be preferred stock, and shares thereof shall be common stock. The preferred stock shall be entitled, in preference to the common stock, to cumulative dividends at the rate of per cent payable yearly, half yearly, or quarterly. Dividends on the common stock shall not be paid except when all dividends to which the preferred stock is entitled at full rate to date are paid or set apart for payment, and both classes of stock shall share equally in any addition to the profits of any fiscal year of the Company in excess of the dividend required to be paid on the preferred stock and per cent upon the common stock. Such excess dividend shall not be offset against any subsequent dividend upon the preferred stock thereafter, as all dividends shall be the same as if such excess dividends had not been made. Any

distribution of assets other than profits shall be paid, as far as the same will go, first upon the preferred stock to the amount thereof, and its per cent cumulative dividends that are unpaid if any, less the amount paid thereon, in any previous distribution of such assets; next upon the common stock to the amount of the par thereon, less the amount, if any, paid thereon in any previous distribution of such assets, and then upon the two classes of stock equally per share.

PRINCIPAL OFFICE.

Fifth. The principal office of this Corporation is to be located in the Borough of Manhattan, in the City, County, and State of New York.

DURATION.

Sixth. Its duration is to be perpetual.

NUMBER OF DIRECTORS.

Seventh. The number of its Directors is to be

DIRECTORS FOR THE FIRST YEAR.

Eighth. The names and post-office addresses of its Directors for the first year are as follows:

Names.	Post-Office Addresses.

SUBSCRIBERS TO CAPITAL STOCK.

Ninth. The names and post-office addresses of the subscribers, and the number of shares which each agrees to take in the corporation are as follows:

Tenth. The Directors need not be stockholders of the corporation. A majority of the stockholders shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board, but a less number may adjourn such meeting. All Directors shall hold office until the election of their successors, and Directors shall not be subject to removal during their respective terms.

Vacancies in the Board of Directors may be filled by the remaining Directors, provided there is present at the meeting at which such vacancy is filled a majority of the full Board of Directors as authorized by the certificate of incorporation.

The Directors may hold their meetings, have an office, and keep the books of the corporation, except the stock book, outside the State of New York.

The Board of Directors by the affirmative vote of a majority of the whole Board may appoint an Executive Committee of three members of the Board, of whom a majority shall constitute a quorum. Such Executive Committee shall have any and all powers of the full Board of Directors which may be lawfully delegated. The term of office of each member of such Committee shall continue until the expiration of his term as Director and until his successor shall be elected: vacancies in this committee shall be filled by the Board of Directors.

By-laws may be made by the Board of Directors except as otherwise provided by law, and may be altered in such manner as may be therein provided.

Stockholders shall have no right except as conferred by statute or by the by-laws of the corporation to inspect any books, papers, or accounts of the corporation. The transfer books of the corporation may be closed by order of the Board of Directors or the Executive Committee for thirty days or any shorter time, before any meeting of the stockholders and until the day after the final adjournment of such meeting.

In Witness Whereof, we have made, signed, acknowledged, and filed this certificate.

Dated, February , 190 .

CERTIFICATE OF INCORPORATION.

Trust and Investment Company (Delaware Charter).

This is to Certify, that the undersigned do hereby associate themselves to establish a corporation under and by virtue of the provisions of an Act of the General Assembly of the State of Delaware, entitled "An Act Providing a General Corporation Law," and do severally agree to take the number of shares of capital stock as hereinafter stated, and that

First.

The name of the corporation is Company.

Second.

The principal office or place of business of the corporation in the State of Delaware is to be located in the City of Wilmington, New Castle County, and said office is to be registered with .

Third.

The nature of the business and the objects and purposes proposed to be transacted, promoted, or carried on by the corporation are as follows:

To carry on a banking and trust company business, and in connection therewith to discount bills, notes, and other evidences of indebtedness; to receive and pay out, with or without interest, or receive on special deposit money, bullion or foreign coin, stocks, bonds, or other securities; to buy and sell foreign and domestic exchange, gold and silver bullion, foreign coins, bonds, stock, bills of exchange, notes, and other negotiable paper; and to lend money on personal security. To act as trustee for individuals and corporations.

To carry on and undertake any business, undertaking, transaction, or operation commonly carried on or undertaken by capitalists, promoters, financiers, contractors, merchants, commission men and agents, and in the course of such business to draw, accept, endorse, acquire, and sell all or any negotiable or transferable instruments and securities, including debentures, bonds, notes, and bills of exchange. To issue on commission, subscribe for, acquire, hold, sell, exchange, and deal in shares, stocks, bonds, obligations, or securities of any public or private corporation, government, or municipality, and the Company shall have express power to hold, purchase, or otherwise acquire, to sell, assign, transfer, mortgage, pledge, or otherwise dispose of shares of the capital stock, bonds, debentures, or other evidences of indebtedness created by any other corporation or corporations, and while the owner thereof to exercise all the rights and privileges of ownership, including the right to vote thereon.

To form, promote, and assist financially or otherwise companies, syndicates, partnerships, and associations of all kinds, and to give any guarantee in connection therewith or otherwise for the payment of money, or for the performance of any obligation or undertaking. To acquire, improve, manage, work, develop, exercise all rights in respect of, lease, mortgage, sell, dispose of, turn to account and otherwise deal with property of all kinds, and in particular business concerns and undertakings. To act as fiscal agent for persons, firms, and corporations.

To buy, or otherwise acquire, to hold, own, mortgage, pledge, sell, assign, and transfer, or otherwise dispose of, and to invest, trade in, and deal in any goods, wares, and merchandise and property of every class and description, including patents and patent rights, inventions or other improvements, trade marks, options, shares or rights in corporations, real property of any description, including mines, railroads, and also bonds, mortgages, securities of any kind or description, or other evidences of indebtedness, and investments or investment securities of any kind or description whatsoever, to act as the agent for the sale or purchase of any of the same, or for any other purpose connected with any of the said above described powers; to promote corporate enterprises of any kind, including industrial enter-

prises, railroads, mines, real estate companies, banking institutions, and all businesses or enterprises of any character, and to own and operate or finance the same; to aid in any manner any corporation or enterprise in which the Company is interested; to endorse, underwrite, or guarantee stock, securities, or undertaking of any corporation or persons.

To raise money by the issue of shares or otherwise, and to invest the moneys so raised in the purchase of, or otherwise to acquire and hold any of the investments following, that is to say, any stocks, bonds, debentures, shares, scrip, or securities issued, or having any guarantee by any government, municipality, trust, local authority, or other body, incorporated or unincorporated, public or private, of the United States, or in any country or State under the protection of the United States, or any stock, bonds, debentures, shares, scrip, or securities issued or having any guarantee by any corporation or company incorporated, constituted or carrying on business in the United States or elsewhere.

To borrow or raise money by the issue or sale of any bonds, mortgages, debentures, or debenture stock of the Company, and to invest any money so raised in any such investments as aforesaid.

To acquire any such investments as aforesaid by original subscription, underwriting, participation in syndicates or otherwise, and whether or not fully paid up, and to make payments thereon as called for, or in advance of calls or otherwise, and to underwrite or subscribe for the same conditionally or otherwise, and either with a view to investment or for re-sale or otherwise, and to vary the investments of the Company, and generally to sell, exchange, or otherwise dispose of, deal with, and turn to account any of the assets of the Company.

To negotiate loans, to offer for public subscription, or otherwise aid or assist in placing any such investments as aforesaid; to give any guarantee in relation to any such investments issued by or acquired through the Company or otherwise.

To offer for public subscription any shares or stock in the capital of, or debentures or debenture stock or other securities of, or otherwise to establish or promote, or concur in establishing or promoting, any company, association, undertaking, or public or private body.

To guarantee the payment of dividends or interest on any stock shares, debentures, or other securities issued by, or any other contract or obligation of any such company, association, undertaking, or public or private body.

To purchase, lease, hire, or otherwise acquire real and personal property, improved and unimproved, of every kind and description, and to sell, dispose of, lease, convey, and mortgage said property, or any part thereof; to acquire, hold, lease, manage, operate, develop, control, build, erect, maintain for the purposes of said Company, construct, reconstruct, or purchase either directly or through ownership of stock in any corporation, any lands, buildings, offices, stores, warehouses, mills, shops, factories, plants, gas houses, machinery, rights, easements, permits, privileges, franchises, and licenses, and all other things which may at any time be necessary or convenient in the judgment of the Board of Directors for the purposes of the Company. To sell, lease, hire, or otherwise dispose of the lands, buildings, or other property of the Company or any part thereof.

To hold, purchase, or otherwise acquire, to sell, assign, transfer, mortgage, pledge, or otherwise dispose of shares of the capital stock and bonds, debentures, or other evidences of indebtedness created by other corporation or corporations, and while the holder thereof, to exercise all the rights and privileges of ownership, including the right to vote thereon.

To conduct its business, and have one or more offices, and unlimitedly and without restriction to hold, purchase, lease, mortgage, and convey real and personal property in or out of this State, and in such place and places in the several States, Territories, colonial possessions, or territorial acquisitions of the United States, as shall from time to time be found necessary and convenient for the purposes of the Company's business.

In General, to carry on any other business in connection therewith, whether manufacturing or otherwise, and with all the powers conferred by the laws of Delaware under the act hereinbefore referred to.

It is the intention that the objects specified in the third paragraph shall, except where otherwise expressed in said paragraph, be nowise limited or restricted by reference to or inference from the terms of any other clause or paragraph in this charter, but that the objects specified in each of the clauses of this paragraph shall be regarded as independent objects.

Fourth.

The amount of the total authorized capital stock of the corporation is dollars ($), divided into shares of the par value of dollars each. The amount of capital with which the corporation will begin business is dollars.

Fifth.

The names and places of residence of the original subscribers to the capital stock are:

Names.	Residences.	No. of Shares.

Sixth.

The corporation shall have perpetual existence.

Seventh.

The private property of the stockholders shall not be subject to corporate debts.

Eighth.

The officers and persons by whom the affairs of the corporation are to be conducted are its Directors, who may act through a President, Vice-President, Secretary, and Treasurer, and such assistants to them and subordinate officers, agents, and employes as may be selected pursuant to the by-laws of the corporation, the resolution of said Directors, or authority given by them.

Directors shall be elected at the principal office or place of business of the Company at the annual election to be held by the stockholders on the first in in each year between the hours of A. M. and P. M.

Ninth.

The Board of Directors shall have power without the assent or vote of the stockholders to make, alter, amend, and repeal the by-laws of this corporation, to authorize and cause to be executed mortgages and liens upon the real and personal property of this corporation.

The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions the accounts and books of the corporation or any of them shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book of the corporation except as conferred by statute or authorized by the Directors, or by a resolution of the stockholders.

The Directors shall have power to hold their meetings, and to keep the books of the corporation (except the stock and transfer books) outside of the State, at such places as may be from time to time designated by them.

The corporation may conduct its business in the State of Delaware, in other States, the District of Columbia, the Territories and Colonies of the United States and in foreign countries, and may have one or more offices out of this State, and may hold, purchase, mortgage, lease, and convey real and personal property out of the State of Delaware.

Witness our hands and seals this day of , 190 .

_____

_____

_____

In presence of:

_____

_____

ARTICLES OF INCORPORATION OF A MINING AND SMELTING COMPANY. (SOUTH DAKOTA CHARTER.)

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned, and , for ourselves, our associates and successors, have associated ourselves together for the purpose of forming a corporation under and by virtue of the statutes and laws of the State of South Dakota, and we do hereby certify and declare as follows, to wit:

First.

The name of this Corporation shall be Company.

Second.

The purposes for which this Corporation is formed are: To acquire by purchase, lease, location, or otherwise all classes of mines and mining properties containing copper, nickel, gold, silver, or other precious or base metals. To acquire by purchase, lease, location, or otherwise properties containing deposits of clays, stones, coal, oil, and other substances.

To develop and operate mining properties and mines; to carry on the business of mining, converting, milling, reducing, smelting, treating, preparing for market, manufacturing, buying, selling, and otherwise producing and dealing in ores of gold, silver, copper, iron, zinc, nickel, and lead. To acquire by purchase, lease, location, or otherwise mineral claims, metalliferous lands, mining and water rights and privileges, mill sites, timber lands, lime and stone quarries, lumber yards, brick yards, and coal lands of every class and description. To build, equip, and operate mills and other plants for the smelting, reduction, and treatment of ores of all kinds and descriptions. To buy, sell, manufacture, and deal in machinery, blasting powder of all descriptions, dynamite, fuses, caps, candles, implements and conveniences suitable to or convenient for use in connection with the business of the Company.

To purchase, construct, erect, lease, own, and operate pumping plants, pipe lines, reservoirs, canals, water ways, and ditches for the transmission of power, sewerage, and conveyance of water for the use of the Company in conducting its business, and for the sale and delivery of such water to others.

To build, purchase, sell, and operate electric, steam, or other plants for the production of power and light, together with the necessary wire lines and other means of transmission of light and power, the same to be generated for the use of the Company, or for the sale of such light and power to others.

To construct, build, purchase, lease, operate and own electric, aerial, and surface tramways for the purpose of transporting ores and supplies and other materials to and from the Company's properties, and to operate the same by electricity, steam, or other motive power.

To construct, purchase, build, lease, own, and operate, private railways, steamboats, and other vessels for the transportation of its ores and other properties; to own and operate wagon trains and pack trains; to own and operate commercial stores for the sale of merchandise to its employees and others; to build, maintain, and operate boarding-houses for the use of the Company's employees and others; to purchase, lease, rent, and acquire real estate and own the same, and to sell or lease all or any part or portion thereof, to plat and lay out town sites and sell or dispose of properties therein and to improve the same.

To carry on the business of producing, refining, storing, or supplying and distributing petroleum products in all its branches; also to refine and store vegetable and animal oils; to construct, purchase, lease, operate, and maintain pipe lines and tanks for the distribution and storage of oil.

To acquire shares of the capital stock and securities of any incorporated company or otherwise, and to hold, sell, or otherwise deal in and with the same. To enter into any agreements, arrangements, or contracts with any person or persons for the purchase, either conditionally or otherwise, and to hold, sell, or otherwise deal in and with any mines, mining claims, mills, plants, machinery, shares of

capital stock or securities of any company, and to sell, assign, and transfer and set over the same upon such terms and for such consideration as may be deemed advisable. To sell the undertakings and contracts of the Company or any part thereof of any of its contracts or part thereof or any of its property or rights for such consideration as may be proper, and to accept payment for any property or rights sold or otherwise disposed of by the Company, either in cash or otherwise, or in any shares of stock of any company or by means of a mortgage or by debenture stock or debenture bonds of any corporation, or partly in one mode and partly in another.

To establish or promote or assist in promoting or establishing any company, and to guarantee or underwrite or cause to be guaranteed or underwritten subscriptions for the shares or securities of any such company, or to subscribe for the same or any part thereof. To distribute among the stockholders of the Company any shares of stock or securities of any corporation acquired by the Company, so long as the capital stock is not impaired thereby. To act as the general fiscal agent or registrar of any corporation, association, or person. To do all and every thing necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any of the objects hereinbefore enumerated, either alone or in association with other corporations or individuals, as principals, agents, contractors, trustees, or otherwise, and by or through trustees, agents, or otherwise, and in general to engage in any and all lawful business whatever necessary or convenient in connection with the business of the Company and for the purposes appertaining thereto.

To manufacture, import, export, and generally deal in goods, wares, merchandise, and property of every class and description.

To purchase, lease, or otherwise acquire all kinds of personal property which the Corporation may deem necessary for the purposes of its business. To purchase, lease, or otherwise acquire real estate — improved or unimproved — without limit as to amount in any State or Territory of the United States or foreign country.

The Corporation shall have power to own, hold, and manage property and conduct its business or any part thereof in the various States and Territories of the United States of America and its territorial acquisitions and possessions, the District of Columbia, and in any foreign country or countries, and may have one or more offices outside of the State of South Dakota.

Third.

The place where the principal business of this Corporation shall be transacted is in the City of , State of South Dakota; but it may have a business office without this State, at the City of , State of , and any meetings of the incorporators, stockholders, or directors of this Company may be held at either of said offices or places of business; and the books of this Corporation may be kept at either of said offices or places of business; and any incorporator or stockholder entitled to be present and to vote at any such meeting may be represented and vote thereat by proxy.

The domiciliary office of this Corporation shall be at the office of the Company in said City of , South Dakota.

This Corporation hereby appoints as its resident agent in South Dakota, and upon whom legal process against this Corporation may be served, , of the City of , South Dakota.

Fourth.

The term for which this Corporation shall exist shall be twenty-five years, with such right of renewal for other and similar periods as may now or hereafter be permitted under the laws of South Dakota.

Fifth.

The number of directors of this Corporation shall be seven, and each director shall hold at least one share of stock. The names and residences of the

directors who are to serve for the first year or until the election of their successors are as follows:

Names. Residences.

An Executive Committee composed of three directors may be appointed by the Board of Directors of this Corporation, in which event such committee shall be provided for in its by-laws, and said Executive Committee shall have the same powers as the Board of Directors; but this provision shall not apply to the election of the Company's officers.

Sixth.

The amount of the capital stock of this Corporation shall be and is dollars ($), divided into ( ) shares of the par value of dollar ($) per share.

When and in the event that property is taken by this Corporation in consideration for capital stock of the Corporation, the judgment of the Board of Directors of the Company, made in good faith and entered in the minutes of the Corporation, shall be conclusive as to the value of such property.

In Testimony Whereof, we have hereunto set our hands this day of November, 1907.

_____

_____

_____

CERTIFICATE OF INCORPORATION OF TRANSPORTATION COMPANY.

(Arizona Charter.)

This is to Certify that we, , have this day associated ourselves together for the purpose of forming a corporation under the laws of Arizona, and for that purpose do adopt the following charter:

First. The name of this corporation is the Company.

Second. This Company shall keep their principal office at , Arizona, at which place all incorporators' and stockholders' meetings shall be held.

Third. The amount of the capital stock of this corporation shall be $, divided into shares of the par value of $ each, and said capital stock shall be paid at such time as the Board of Directors may designate, in money, property, labor, good will, or any other valuable right or thing.

Fourth. The objects for which this corporation is formed are, as principals, agents, or otherwise, to do in any part of the world any and every of the things herein set forth to the same extent as natural persons might or could do, and in furtherance and not in limitation of the general powers conferred by laws of Arizona, it is hereby expressly provided that the corporation shall have the following powers:

(*a*) That the objects for which this Company is formed are the transportation for hire of passengers and mails, goods, wares, merchandise, animals, and other property and materials of all kinds and nature whatsoever to, from, and between the various cities, towns, and ports of the world, by means of steam or sailing vessels; the purchase, owning, chartering, and employment of steam and other vessels, and the purchase, owning, and holding of shares or portions of such steam or other vessels, and of the stock, bonds, and other securities of corporations of this and other States and countries; to purchase, lease, acquire, and hold such real estate, buildings, warehouses, wharves, piers, and easements situate in either the United States or abroad as may be advantageous for carrying on its business; to acquire, hold, and employ such lighters, steam tugs, and shares of incorporated companies owning the same as may be necessary in the said business in the ports of the United

States and in foreign ports; to issue bonds or other evidences of indebtedness; to mortgage the corporate franchises, the real and personal property of the Company, the vessels and steamships owned by it, the incomes and profits accruing to it, and the stock, bonds, and other securities of other corporations or companies owned by it, to secure the payment of any or all of its bonds or other evidences of indebtedness in whole or in part, by such mortgage or mortgages, and to sell and dispose of any property, real or personal, acquired by the said Company. The portion of the business of the Company which is to be carried on out of this State is the transaction of a general transportation business, in the carrying for hire of passengers and mails, goods, wares, merchandise, animals, and other property and materials of all kinds and nature whatsoever, upon steamships and other vessels to, from, and between the various ports of the world, particularly between the ports of New York and Philadelphia, and the ports of Southampton, Liverpool, Antwerp, and other ports of Europe, and the procuring of contracts for, and the making of contracts for the employment and freighting of the same, and to carry on all the business, and to possess and exercise any and all of the rights, powers, and privileges above specified.

(*b*) To apply for, purchase, or otherwise acquire, and to hold, own, use, operate, and to sell, assign, or otherwise dispose of, to grant licenses in respect of, or otherwise turn to account any or all inventions, improvements, formulæ, and processes used in connection with or secured under Letters Patent, Copy Rights, or Trade Marks of the United States, or elsewhere, or otherwise, and with a view to developing the same, to carry on any other business, whether manufacturing or otherwise, which the corporation may think calculated directly or indirectly to effectuate these objects.

(*c*) To purchase or otherwise acquire, and to hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, the shares of capital stock or other evidence of indebtedness created by other corporation or corporations, and while the holders of such stock, to exercise all the rights and privileges of ownership, including the right to vote thereon.

(*d*) Generally to purchase, take on lease or in exchange, hire, or otherwise acquire, any real and personal property, and any rights, privileges, or franchises which the corporation may think necessary or convenient for the purpose of its business, and, in full, to do any or all things in any part of the world not prohibited by the laws of Arizona.

(*e*) To construct, hire, purchase, and operate steamboats and other vessels of any class, and especially the construction of steamboat hulls and barges after and upon the plans of the new method of composite construction; to establish and maintain lines or regular services of steamboats or other vessels on the River and its tributaries; and generally to carry on the business of shipowners, and to enter into contracts for the carriage of mails, passengers, goods, and merchandise by any means, either by its own vessels, railways, and conveyances, or by or over the vessels, conveyances, and railways of others; to insure against loss by fire, flood, or other calamity, the cargo carried or transported upon the Company's steamboats or other vessels; to construct, purchase, take on lease, or otherwise acquire and work any railway wharf, pier, dock, building, or works capable of being advantageously used in connection with the business of the Company as a shipping company, and in connection with any of the objects aforesaid, to carry on the business of a railway company, railway contractors, ship builders, engineers, manufacturers of machinery and car builders; to acquire concessions or licenses for the establishment and working of lines of steamboats and other vessels between any ports of the world, or for the formation or working of any railway, wharf, pier, dock, or other works, or for the working of any public conveyance.

(*f*) To build, make, operate, maintain, buy, sell, deal in and with, own, lease, pledge, and otherwise dispose of steamboats and vessels of every nature and kind whatsoever, together with all materials, articles, tools, machinery, and appliances entering into, or suitable and convenient for the construction or equipment thereof, and together with engines, boilers, machinery and appurtenances of all kinds, and tackle, apparel, and furniture of all kinds; the transportation of goods, merchandise, and passengers upon land or water, building, repairing and designing houses,

structures, vessels, ships, boats, wharves, docks, dry docks, railroads, engines, cars, machinery, and all other equipment; constructing, maintaining, and operating railroads; to build, construct, repair, maintain, and operate water, gas, and electrical works, tunnels, bridges, viaducts, canals, wharves, piers, and like works of internal improvement or public use or utility; to own, operate, and maintain steamboat lines, vessel lines, or other lines of transportation.

(*g*) To carry on the business of cold storage and warehousing and all the business necessarily or impliedly incidental thereto; and to further carry on the business of general warehousing in all its several branches; to construct, hire, purchase, operate, and maintain any conveyances for the transportation in cold storage or otherwise, by land or by water, of any and all products, goods, or manufactured articles; to issue certificates and warrants, negotiable or otherwise, to persons warehousing goods with the Company, and to make advances or loans upon the security of such goods or otherwise; to manufacture, sell, and trade in all goods usually dealt in by warehousemen; to construct, purchase, take on lease or otherwise acquire any wharf, pier, dock, or works capable of being advantageously used in connection with the shipping and carrying on of other business of the Company; and generally to carry on and undertake any business undertaking, transaction, or operation commonly carried on or undertaken by warehousemen, and any other business which may from time to time seem to the Directors capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of, or render profitable any of the Company's properties or rights.

(*h*) To own, operate, and maintain sugar plantations, and to grow, purchase, manufacture, refine, and dispose of sugar, molasses, and melada, and all lawful business incidental thereto.

(*i*) To carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging, and otherwise producing and dealing in coal, gold, silver, copper, lead, zinc, brass, iron, steel, and in all kinds of ores, metals, and minerals, and in the products and by-products thereof of every kind and description, and by whatsoever process the same can be or may hereafter be produced; and generally and without limit as to amount, to buy, sell, exchange, lease, acquire, and deal in lands, mines, and mineral rights and claims, and in the above specified products, and to conduct all business appurtenant thereto.

(*j*) The corporation shall also have power to conduct its business in all its branches, and unlimitedly to hold, purchase, mortgage, and convey real and personal property in any State, Territory, or colony of the United States and in any foreign country or place.

Fifth. The affairs of this corporation shall be conducted by a President and Board of Directors, who shall be elected annually, as the by-laws shall provide, and a voting power of at least 51 per cent of the capital stock shall be pooled, and that right vested in the incorporators hereof, and that said right to endure for the lifetime of the Company, and the Board of Directors can without further authorization make, alter, amend, and rescind the by-laws, and amend the articles in any of the particulars herein of this Company, and to fix the amount to be reserved as working capital.

Sixth. This corporation is formed to endure for twenty-five years after its articles are duly executed, but its charter rights may be renewed before its charter expires, from time to time, for periods not exceeding twenty-five years at a time, perpetually.

Seventh. The private property of the stockholders of this corporation shall be and is hereby made forever exempt from all liability for its debts or obligations, and there shall be no individual liability on the part of either Directors or stockholders.

Eighth. The capital stock of this corporation shall be and is hereby made full paid, and forever non-assessable by this corporation for any purpose. In accepting property in exchange for stock the judgment and appraisal of the Directors shall be final and conclusive.

Ninth. The Board of Directors shall, as soon as practicable after the organization of the Company, instruct the Treasurer to set apart a certain sum of money,

at such times as will jointly be agreed upon, which sum of money shall be held by the Treasurer, as and for a Sinking Fund to be utilized for the replacing of any of the Company's boats or properties of any description that may meet with disaster, or for general repairs in any way upon the Company's holdings; to anticipate the payment of any obligations which may not be classed as regular expenses; to meet any contingency of any kind and thus make absolutely certain at all times the solvency of the Company; to insure against loss the cargo transported upon the Company's steamboats or other vessels; to apply to any and all of the things which the Board of Directors may in their right determine.

Tenth. All stockholders of this company shall have the right to inspect the stock and transfer books of this corporation in the presence of the President and Board of Directors, after proper reasons have been given for the request to so examine.

Eleventh. Should a stockholder so desire, a proxy can be given to the President or any member of the Board of Directors, and such person will act for him the same as if he himself were present.

Twelfth. It will not be lawful for this Company to join with, or pool its interests with any other corporation of any kind or nature whatsoever, or have as a member of its Board of Directors any officer of any other company; thus stringently excluding a representative of any shareholder or shareholders of a competing company, or any company, whether on land or water, from having any voice whatever in the management or direction of this Company.

Thirteenth. This Company will not permit the listing of the stock of this corporation on any exchange created for the sole purpose of the bartering and selling of the securities of corporations.

Fourteenth. There shall be no greater amount of indebtedness incurred, either directly or indirectly, by the Board of Directors of this Company, at any time, than shall exceed in amount or be equal to two-thirds of the capital stock.

Fifteenth. Without in any particular limiting any of the objects and powers of this corporation it is hereby expressly declared and provided, that should it become necessary and decided by those in control, this corporation shall have power to issue bonds in payment for property purchased or acquired by it, or for any other object in and about its business; and said bonds after issue and before their maturity, can be retired by the decision and vote of a majority of the holdings of stock, and new certificates of stock can be issued to the stockholders at par.

In Witness Whereof, we have hereunto set our hands and seals this day of , A. D. 190 .

Signed, sealed, and delivered
in the presence of

CERTIFICATE OF INCORPORATION

OF

Coal Company (West Virginia Charter).

I. We, the undersigned, agree to become a corporation by the name of Company.

II. The principal place of business and chief works of said corporation shall be located in the county of , State of .

III. The objects and purposes for which said corporation is formed are as follows:

To purchase, lease, or otherwise acquire, and to own, develop, and mine, cannel, bituminous, and other coal in the State of and elsewhere, and to purchase, lease, hold, and sell surface lands and other real estate necessary in, or incident to, said business, and to buy, sell, import, export, and generally deal in cannel, bituminous, and other coal in said State of and elsewhere in the United States or in any foreign country.

To purchase, lease, or otherwise acquire, construct, maintain, and operate all necessary private railroads, sidings, and tramways, and to manufacture, buy, sell, import, export, and generally deal in coke, wood, lumber, and any and all by-products of cannel,

bituminous, and other coal, and to purchase, lease, build, sell, maintain, and operate stores, shops, warehouses, dwellings, and all other buildings and structures, and to buy, sell, and generally deal, at wholesale or retail, in merchandise of all kinds and descriptions necessary or convenient for carrying on its said business.

To purchase or otherwise acquire, and to hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of shares of the capital stock and bonds, debentures, or other evidences of indebtedness created by other corporation or corporations, and while the holder thereof, to exercise all the rights and privileges of ownership, including the right to vote thereon.

To conduct its said business and have one or more offices, and unlimitedly and without restriction to purchase, hold, lease, mortgage, and convey real and personal property in or out of said State of , and in such place and places in the several States and Territories of the United States, its colonial possessions or territorial acquisitions, and in foreign countries, as shall from time to time be found necessary and convenient for the purposes of the business of said corporation.

IV. The amount of the total authorized capital stock of said corporation shall be dollars ($), which shall be divided into shares of the par value of dollars each; of which authorized capital stock the amount of dollars has been subscribed, and the amount of dollars has been paid.

V. The names and post-office addresses of all the incorporators and the number of shares of stock subscribed for by each are as follows:

Names.	Post-Office Addresses.	No. of Shares.

VI. Said corporation is to expire on the day of .

Given under our hands this day of , A. D. 190 .

AGREEMENT OF ASSOCIATION (MASSACHUSETTS).

THE Co., INC.

We, whose names are hereto subscribed, do by this agreement associate ourselves with the intention of forming a Corporation according to the provisions of Chapter 437 of the Acts of the year 1903, of the Commonwealth of Massachusetts, and the Acts in amendment thereof and in addition thereto.

The name by which this Corporation shall be known is .

The location of the principal office of the Corporation within the Commonwealth is the City of Boston, and outside the Commonwealth the City of , State of .

The purpose for which the Corporation is formed and the nature of the business to be transacted by it are as follows: to buy, sell, negotiate, exchange, pledge, trade, and deal in and with any shares, stocks, debentures, scrip, bonds, and securities of any government, State, or public or private corporation or any corporate body; to trade and deal in and with mines and mining rights, metals, minerals, and oil, cotton, grain, produce, or other commodities; to invest in any or either of the foregoing, and from time to time to change the investments of the Company; to mortgage, pledge, or otherwise change all or any of the investments of the Company or its property and rights; to make advances on, sell, or dispose of any property or investments; or to act as agent, factor, or broker for any or either of the corporate purposes; to purchase or otherwise acquire the capital stock, shares, debentures, scrip, bonds, or other evidences of indebtedness of any corporation, and to issue and exchange its own stock, shares, bonds, debentures, scrip, or other evidences of indebtedness in payment therefor, and while the owner thereof to exercise all the rights of ownership, including the power to vote upon such stock or shares; to purchase, receive, hold, and own mortgages, debentures, shares, and other securities or obligations of any public, private, or municipal corporation, or bonds of other securities or obligations of the government of the United States, or of any State, district, Territory, colony, or dependency of the United States or of any foreign country, State, or colony; to collect and receive, disburse and dispose of all interest,

dividends, accumulations, earnings, and income from, upon, or on account of any bonds, debentures, stocks, shares, securities, contracts, evidences of debt, obligations, or other property held or owned by the Corporation thereto; to do any and all lawful acts tending to increase or enhance the value of the property of the Company; to issue stock, shares, bonds, debentures, certificates, scrip, or other corporate obligations, and to secure the payment thereof by mortgage, pledge, or deed of trust of or upon the whole or any portion of the corporate property or funds; to sell, pledge, or otherwise dispose of bonds, debentures, or other corporate obligations for proper and lawful corporate purposes, as and when the Board of Directors shall deem necessary, advisable, or expedient; to promote the corporate business of investment and dealing in securities in all lawful ways; and to receive, collect, transmit, pay out, and disburse funds in the course of its business, and to the extent authorized by law to lease, purchase, or otherwise acquire, hold, use, sell, trade, and deal in and with, assign, pledge, mortgage, transfer, and convey real and personal property of any name or nature, excepting bills of exchange, gold or silver bullion; to issue and accept drafts and bills of exchange; to issue promissory notes, scrip, drafts, acceptance, or other corporate obligations, and negotiate the same.

Generally to purchase, take on lease or in exchange, hire or otherwise acquire any personal property, and any rights or privileges which the Company may deem useful, necessary, desirable, proper, or convenient for the purposes of its business, or in the development or extension thereof.

To apply for, acquire, buy, sell, assign, lease, pledge, mortgage, or otherwise dispose of letters patent of the United States or of any foreign country, and all or any rights, territorial or otherwise, thereunder. To apply for, acquire, hold, sell, assign, lease, mortgage, or otherwise dispose of patent rights, licenses, privileges, inventions, trade names, trade marks, and pending applications therefor, relating to or useful in connection with any business of the Corporation. To use, manufacture, or grant licenses under any letters patent owned or controlled by the Company, and to expend money in experimenting upon and testing the validity or value of any patent rights the Company may acquire or proposes to acquire.

To enter into any agreements, arrangements, or contracts with any person or persons for the purchase, either conditionally or absolutely, of any property, shares of capital stock, or securities of any company, and to sell, assign, transfer, and set over the same upon such terms and for such consideration as may be deemed advisable. To sell the undertakings and contracts of the Company, or any part thereof, or any of its property or rights for such consideration as may be proper, and to accept payment for any property or rights sold or otherwise disposed of by the Company, either in cash or otherwise, or in any shares of stock of any company, or by means of a mortgage or by debenture stock or debenture bonds of any corporation or partly in one mode and partly in another. To establish or promote or assist in establishing or promoting any company, and to guarantee or underwrite or cause to be guaranteed or underwritten subscriptions for the shares or securities of any such company, or to subscribe for the same or any part thereof. To act as the general fiscal agent or registrar of any corporation, association, or person.

To do all and everything necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any of the objects hereinbefore enumerated, either alone or in association with other corporations, firms, or individuals, as principals, agents, contractors, trustees, or otherwise, and by or through trustees, agents, or otherwise, and in general to engage in any and all lawful business whatever necessary or convenient in connection with the business of the Company and for the purposes appertaining thereto.

The Corporation shall have power to own, hold, and manage property and conduct its business, or any part thereof, in the various States and Territories of the United States of America and its territorial acquisitions and possessions, the District of Columbia, and in any foreign country or countries. The Corporation may have one or more offices without the State of Massachusetts, at such place or places as the Board of Directors may establish.

The total amount of the capital stock to be authorized is one hundred thousand dollars ($100,000). The par value of its shares is ten dollars ($10.00) each.

The Board of Directors shall have power to hold its meetings and to have one or more offices outside of the State of Massachusetts, at such place or places as may from time to time be designated by them.

We hereby waive all requirements of the statutes of Massachusetts for notice of the first meeting for organization, and appoint the day of , 1907, at o'clock M., at , as the time and place of holding said meeting.

The names and residences of the incorporators, and the amount of common stock subscribed for by each, are as follows :

Name.	Residence.	Amount subscribed for.

In Witness Whereof, we have hereunto set our hands this day of , in the year nineteen hundred and seven.

We, , , and , being the directors of the Company, Inc., elected at the first meeting, in compliance with the requirements of Section 11 of Chapter 437 of the Acts of 1903, do hereby certify that the following is a true copy of the agreement of association to form said Corporation, with the names of the subscribers thereto : (here insert copy of the foregoing Agreement of Association).

That the first meeting of the subscribers to said agreement was held on the day of , in the year nineteen hundred and seven.

That the amount of capital stock now to be issued is one hundred thousand dollars ($100,000), divided into ten thousand (10,000) shares of common stock of the par value of ten dollars ($10.00) per share, to be paid for by a contract, valued at $100,000, reading as follows, to wit : (here is inserted copy of Contract).

The names, residences, and post-office address of each of the officers is as follows :

Name of Office	Name.	Residence.	P. O. Address.
President.			
Treasurer,			
Clerk,			
Secretary,			
Directors,			

In Witness Whereof, we have hereunto signed our names this day of , in the year nineteen hundred and seven.

COMMONWEALTH OF MASSACHUSETTS.

Suffolk, ss.

Then personally appeared the above named , , and , and severally made oath that the foregoing certificate by them subscribed is true to the best of their knowledge and belief.

Before me,

, *Justice of the Peace.*

ARTICLES OF ASSOCIATION OF THE FINANCE AND CONSTRUCTION COMPANY.

(Maine Corporation.)

In accordance with the Revised Statutes of the State of Maine, chapter 47, sections 6, 7, 8, and 10, we, the undersigned, whose residences are set opposite our respective names, hereby associate ourselves together by these written Articles of Agreement, for the purpose of forming a corporation under the laws of the State of Maine, the purposes of which said corporation are:

To carry on the business in all its various branches of contractors for the construction of steam and electric railways, street railways, canals, and public work of every nature and description, outside of the State of Maine, and in other States, countries, and jurisdictions, when and where permissible under the laws thereof.

To construct, erect, equip, repair, and improve houses, buildings, wharves, sewers, tunnels, conduits, and subways; to manufacture, buy, sell, or otherwise acquire, import, export, and generally deal in sheet iron, tin, galvanized iron, cornices, skylights, smokestacks, water, gas and electric works, wharves, roads, reservoirs, factories, warehouses, and mills; to manufacture, buy, sell, import, export, and generally deal in iron, steel, manganese, copper, and other materials or alloy thereof, coke, gas, coal, lumber, and building materials, or any article consisting or partly consisting of iron, steel, copper, and other materials, and any products thereof.

To carry on the business of electrical engineers and dealers in electricity and electric motive power for lighting and heating, outside of the State of Maine, and in other States, countries, and jurisdictions when and where permissible under the laws thereof.

Outside of the State of Maine, and in other States, countries, and jurisdictions when and where permissible under the laws thereof, to manufacture, construct, purchase, or otherwise acquire, deal in, sell, hire, lease, use, repair, operate, and maintain electric generating machinery and apparatus, dynamos, motors, meters, electric engines, accumulators, and any and all parts, devices, instruments, and things adapted to be used in the construction of or upon or in connection with or in the operation of such electric generating machinery and apparatus, dynamos, motors, meters, electric engines and accumulators, and also all apparatus, machinery, engines, tools, devices, and appliances for generating or producing, accumulating, distributing, and using electricity for any purpose, and also all parts, attachments, devices, instruments, articles, and things to be used therewith or in the construction and operation thereof.

To carry on a general dredging, contracting, and engineering business in all of their branches; also outside of the State of Maine and in other States, countries, and jurisdictions when and where permissible under the laws thereof, to design, construct, enlarge, extend, repair, complete, take down and remove or otherwise engage in any work upon bridges, piers, docks, foundations, mines, shafts, tunnels, wells, waterworks, lighthouses, buildings, railroads, telegraph and telephone lines, canals and all kinds of excavations, and iron, wood, masonry, and earth constructions in all parts of the world, and to make, execute, and take or receive any contracts or assignments of contracts therefor or relating thereto or connected therewith.

To engage in the business of manufacturing, buying, selling, and dealing in cranes for lifting, hoisting, dredging, and conveying materials of all kinds, and in conveying machinery, hoisting machinery, and coal handling machinery of every description, and in steam hammers, charging machines, drilling, concentrating, milling, and mining machines, ingot extractors and foundry plants, and in all kinds of fittings, tools, supplies, and apparatus pertaining thereto; or for any other purpose which now is or may be incidental or necessary for a general contracting or engineering business.

To manufacture or purchase all tools, machinery, and appliances convenient for the carrying on the foregoing lines of business.

To purchase, lease, or otherwise acquire timber lands, tracts, and rights. To buy, sell, export, import, boom, saw, and prepare for market, and generally deal in timber and wood of all kinds. Also to manufacture, buy, sell, export, import, and generally deal in all kinds of goods and articles manufactured from wood, and generally to carry on business as saw mill proprietors, timber and lumber dealers.

To prospect for, locate, acquire by discovery, lease, license, option, purchase, franchise, grant, gift, devise, or otherwise hold, possess, enjoy, develop, mine, work, and operate and exploit mines, mineral lands and claims, mining rights, metalliferous lands and rights wherever situate. Also to carry on the business in all its various branches of mining for gold, silver, tin, lead, iron, and coal.

To enter into any agreements, arrangements, or contracts with any person or persons for the purchase, either conditionally or absolutely, of any mines, mining claims, mills, plants, machinery, shares of capital stock, or securities of any company, and to sell, assign, and transfer and set over the same upon such terms and for such consideration as may be deemed advisable. To sell the undertakings and contracts of the Company or any part thereof or any of its property or rights for such consideration as may be proper, and to accept payments for any property or rights sold or otherwise disposed of by the Company, either in cash or otherwise, or in any shares of stock of any Company, or by means of a mortgage or by debenture stock or debenture bonds of any corporation or partly in one mode and partly in another. To establish or promote or assist in establishing or promoting any company and to guarantee or underwrite or cause to be guaranteed or underwritten subscriptions for the shares of securities of any such company, or to subscribe for the same or any part thereof. To distribute among the stockholders of the Company any shares of stock or securities of any corporation acquired by the Company so long as the capital stock of the Company is not impaired thereby. To act as the general fiscal agent or registrar of any corporation, association, or person. To do all and everything necessary, suitable, or proper for the accomplishment of any of the purposes or the attainment of any of the objects hereinbefore enumerated, either alone or in association with other corporations, firms, or individuals, as principals, agents, contractors, trustees, or otherwise, and by or through trustees, agents, or otherwise, and in general to engage in any and all lawful business whatever necessary or convenient in connection with the business of the Company and for the purposes appertaining thereto.

The corporation shall have power to own, hold, and manage property and to conduct its business, or any part thereof, in the various States and Territories of the United States of America and its territorial acquisitions and possessions, the District of Columbia, and in any foreign country or countries.

The first meeting of said Associates shall be held in accordance with the provisions of section 7 of chapter 47, at the office of , , Maine, on the day of April, 1907.

Dated at Maine, this day of April, 1907.

Names.	Residences.
	Maine,
	Maine,
	Maine,
	Maine,
	Maine.

Waiver of Notice of First Meeting of Incorporators.

We, the undersigned, being all the signers of the foregoing Articles of Association, hereby waive notice of the time, place, and purpose of the first meeting of the signers of said Articles of Association, as required by section 7 of chapter 47 of the Revised Statutes of the State of Maine, and acts additional thereto and amendatory thereof, and do hereby fix the day of April, A. D. 1907, at

o'clock in the noon, as the time and the office of , , Maine, as the place of said meeting, and we do hereby severally consent that said first meeting be held at the time, place, and for the purposes aforesaid, to wit:

1. To organize into a corporation.
2. To adopt a corporate name.
3. To define the purposes of the corporation.
4. To fix the amount of capital stock and divide the same into shares.
5. To elect a President, not less than three directors, a Clerk, a Treasurer, and all other necessary officers.
6. To adopt a Code of By-laws.
7. To act upon any further business which may properly come before the meeting.

Dated at , Maine, this day of April, A. D. 1907.

_____

_____

_____

FIRST MEETING.

Pursuant to the foregoing Articles of Association and Waiver of Notice of First Meeting of Incorporators, signed by all the incorporators, a meeting of said signers of said articles was held at the office of , Maine, on the day of April, 1907, at o'clock in the noon.

Of the signers the following were present:

The meeting was called to order by Mr. . was chosen Chairman and presided, and was chosen Clerk.

The Clerk was then duly sworn as appears by the following certificate:

State of Maine }
County of } ss.

, Maine, April , 1907.

Then personally appeared , Clerk of the Meeting of Associates, mentioned in the foregoing Articles of Agreement, and made oath that he would faithfully and impartially perform the duties of his office.

Before me,

, *Notary Public.*

The original Articles of Association and Waiver of Notice of First Meeting of Incorporators were presented and ordered to be made a part of this record.

On motion, it was *Voted*, to organize a corporation under sections 6, 7, 8, and 10 of chapter 47 of the Revised Statutes of Maine and acts additional thereto and amendatory thereof.

On motion, it was *Voted*, that the name of said corporation shall be: The Finance and Construction Company.

On motion, it was *Voted*, that the purposes of the corporation shall be as set forth, stated, specified, and defined in the Articles of Association, which are expressly referred to and made a part of this vote.

On motion, it was *Voted*, that the place of business of this corporation shall be at , Maine, but the corporation may maintain other general offices and places of business at such other place or places, either within or without this State, as the Directors may from time to time determine to be for the interests of the corporation.

On motion, it was *Voted*, that the capital stock of this corporation shall be and is hereby fixed at five hundred thousand dollars ($500,000) divided into one hundred thousand (100,000) shares of the par value of five dollars ($5.00) per share.

On motion, it was *Voted*, that the Chairman appoint a committee of one to examine and report at once the names and residences of persons who have subscribed for stock in this Company and the amount of stock subscribed for by each. The Clerk was appointed as such committee, and made the following report of the list of stockholders, and the report was accepted, and the persons therein named were declared to be stockholders in this corporation.

REPORT OF COMMITTEE.

Names.	Residences.	No. of Shares.
	, Maine.	One
	, Maine.	One
	, Maine.	One
	, Maine.	One
	, Maine.	One

The following subscription for stock was then filed.

SUBSCRIPTION FOR STOCK.

, Maine, April , 1907.

We, the undersigned, hereby severally agree, each with the other, and with the corporation hereinafter named, in consideration of the mutual agreements herein contained, to take, pay for, and receive the number of shares set opposite our respective names of the capital stock of The Finance and Construction Company.

Names.	Residences.	No. of Shares.
	, Maine.	
	, Maine.	
	, Maine.	
	, Maine.	
	, Maine.	

On motion, it was *Voted*, to have the following Code of By-laws:

BY-LAWS OF THE FINANCE AND CONSTRUCTION COMPANY.

ARTICLE I. TITLE, LOCATION.

Sec. 1. The title of this corporation is The Finance and Construction Company.

Sec. 2. The principal office in the State of Maine shall be and is registered with , Maine. The corporation may also have an office in the City of , State of , and also have offices in such other places as the Board of Directors may from time to time appoint or the business of the corporation may require.

ARTICLE II. SEAL.

Sec. 1. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization, and the words "Corporate seal, Maine."

ARTICLE III. STOCKHOLDERS' MEETINGS.

Sec. 1. All meetings of the stockholders must be held within the State of Maine, and at the principal office of the corporation in , Maine.

Sec. 2. At the meeting of the stockholders shareholders may vote either in person or by proxy in writing. Proxies to be valid must be granted not more than thirty days before the meeting, which shall be named therein, and shall not be valid after a final adjournment thereof.

Sec. 3. A majority in amount of the stock outstanding represented by the holders in person or by proxy shall be requisite at every meeting to constitute a quorum.

Sec. 4. The annual meeting of stockholders after the year 190 shall be held on the Wednesday in of each and every year at the principal office of the corporation in , Maine, at 11 o'clock in the forenoon. At such annual meeting the shareholders shall elect by a plurality vote by ballot Direc-

tors, a Clerk, and a Treasurer to serve for one year, and until their successors are elected and qualified, each stockholder being entitled to one vote in person or by proxy for each share of stock standing registered in his or her name on the day preceding the meeting.

Sec. 5. Notice of the annual meeting shall be mailed to each stockholder at his or her residence, as the same appears upon the books of the corporation, at least thirty days prior to the meeting.

Sec. 6. Special meetings of the stockholders shall, at the request of three directors, be called by the President by mailing notice stating the object and business to be transacted at said meeting, at least ten days prior to the date of the meeting, to each stockholder of record at his or her address as the same appears on the records of the corporation.

Article IV. Directors.

Sec. 1. The property and business of the corporation shall be managed by the Board of Directors, in number, who shall be chosen from the stockholders annually and shall hold office until others are chosen and qualified in their stead; every director shall be a stockholder, and when a director ceases to be a stockholder the office of director thereby becomes vacant.

Sec. 2. At the first meeting after the election of directors when there shall be a quorum, the Board of Directors shall elect by ballot a President and Vice-President from their own number, who shall hold office for one year, and until their successors are chosen and qualified.

The Board shall also annually choose a Secretary, who need not be a member of the Board, to hold office at the pleasure of the Board for one year unless sooner removed by the Board, which the Board shall have power to do at any time with or without cause.

Sec. 3. The Board of Directors shall meet whenever called together by the President upon due notice given to each director. On the written request of any director, the Secretary shall call a special meeting of the Board. At such meeting a majority shall constitute a quorum for the transaction of business.

Sec. 4. A majority of the directors in office shall be present at all meetings to constitute a quorum for the transaction of any business, except to adjourn.

Sec. 5. The directors may hold their meeting and have an office or offices and keep the books of the corporation (except the record and stock books) outside of the State of Maine, at the city of , or such other place or places as they may from time to time determine.

Sec. 6. The Board of Directors shall have the management of the business of the corporation, and may exercise all such powers and do all such things as may be exercised or done by the corporation, but subject nevertheless to the provisions of the statutes, of the charter, and of these by-laws.

Sec. 7. The directors may purchase, lease, and acquire in any lawful manner any and all lands, stock, buildings, tools, machinery, fixtures, franchises, patents, contracts, trade-marks, copyrights, and other real and personal property which in their judgment is necessary or beneficial to the purpose of the corporation, and may issue stock of the corporation at par in payment thereof and when they deem it for the interest of the Company, and may sell, mortgage, or otherwise convey the real or personal estate of the corporation when they deem it for the interest of the corporation to do so.

Sec. 8. The directors shall not receive any compensation for their services as such, but shall be allowed a reasonable compensation for their services when actually engaged in the business of the corporation.

Sec. 9. All powers not otherwise provided for by these by-laws and the laws of the State of Maine are hereby conferred upon the directors.

Article V. President.

Sec. 1. The President shall preside at all meetings of the Board of Directors. He shall sign all certificates of stock, and countersign all checks, bills, and notes

drawn by the Treasurer. He shall submit a complete report of the operations and condition of the Company for the year to the stockholders at their regular meetings in of each year, and from time to time shall report to the directors all matters within his knowledge which the interests of the Company may require to be brought to their knowledge; he shall be *ex officio* member of all standing committees, and shall have the general powers and duties of supervision and management usually vested in the office of a president of a corporation.

Article VI. Vice-President.

Sec. 1. The Vice-President shall, in the absence or incapacity of the President, perform the duties of that officer until the Board shall otherwise determine.

Article VII. Secretary.

Sec. 1. The Secretary shall be an *ex officio* Clerk of the Board of Directors, and shall attend all sessions of the Board and act as Clerk thereof, and shall record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall give proper notice of all meetings of stockholders of the corporation and of the Board of Directors, and shall perform such other duties as may be required by the President, and shall at all times be subject to the orders of the Board of Directors.

Article VIII. Treasurer.

Sec. 1. The Treasurer of the Company shall have the custody of all the funds and securities of the corporation, and deposit the same in the name of the corporation in such bank or banks as the directors may elect; he shall sign all checks, drafts, notes, and orders for the payment of money, which shall be countersigned by the President, and he shall pay out and dispose of the same under the direction of the President. He shall at all times exhibit his books and accounts to any officer or director or stockholder of the Company upon application at the office of the Company during business hours. He shall sign all certificates of stock signed by the President; he shall give such bond for the faithful performance of his duties as the Board of Directors may require.

Article IX. Clerk.

Sec. 1. The Clerk shall be a resident of the State of Maine, and shall keep at the principal office of the corporation at the records of this corporation, and a book showing a true and complete list of all stockholders, their residence, and the amount of stock held by them, which said book shall be open at all reasonable hours to the inspection of persons interested. He shall act as the agent of this corporation in the State of Maine, upon whom process against this corporation may be served.

Article X. Executive and other Committees.

Sec. 1. The Board of Directors may appoint three of their own number to act as an Executive Committee, to serve during the life of the Board that appointed it.

Sec. 2. The Executive Committee shall have entire control and supervision of all of the property and business affairs of the corporation, and shall have and exercise all the powers and privileges which are possessed or exercised by the Board of Directors.

Sec. 3. All action of the Executive Committee shall be reported to the Board at its meeting next succeeding, and such action shall be subject to revision or alteration by the Board, provided that no rights of third parties shall be affected by any such revision or alteration.

Sec. 4. From time to time the Board may appoint any other committee or committees for any purpose or purposes, who shall have and exercise such powers as shall be specified in the resolution of appointment.

Article XI. Vacancies.

Sec. 1. If the office of any director or of the President, Vice President, Clerk, Secretary, or Treasurer, one or more, becomes vacant by reason of death, resignation, disqualification, or otherwise, the directors may choose by a majority vote a successor or successors, who shall hold office for the unexpired term

Article XII. Resignations.

Sec. 1. Any director or other officer may resign his office at any time, such resignation to be made in writing. The acceptance of a resignation shall not be required to make it valid.

Article XIII. Duties of Officers may be delegated.

Sec. 1. In case of the absence of any officer of the corporation or for any other reason that may seem sufficient to the Board, the Board of Directors may delegate for the time being the powers and duties of such officer to any other officer or to any director, except where otherwise provided by statute.

Article XIV. Capital Stock.

Sec. 1. The capital stock of this corporation shall be divided into shares of the par value of dollars per share. All of said shares shall be known as common stock and shall be forever non-assessable.

Sec. 2. All certificates of stock shall be numbered and registered in the order they are issued, and shall be signed by the President and by the Treasurer, and the seal of the corporation shall be affixed thereto. All certificates shall be bound in a book and shall be issued in consecutive order therefrom, and in the margin thereof shall be entered the name and address of the person owning the shares therein represented, and the number of shares and date of issuing thereof. All certificates exchanged or returned to the corporation shall be marked cancelled by the Secretary and shall be immediately pasted in the certificate book opposite the memorandum of its issue.

Sec. 3. Transfers of shares shall only be made upon the books of the corporation by the holder in person or by power of attorney duly executed and acknowledged and filed with the Secretary of the corporation, and on the surrender of the certificate or certificates of such shares.

Sec. 4. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person or persons whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Maine.

Sec. 5. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and advertise the same in such manner as the Board of Directors may require, and shall give the corporation a bond of indemnity in form and with one or more sureties satisfactory to the Board in at least double the par value of the stock represented by such certificate, whereupon a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to be lost or destroyed, but always subject to the approval of the Board of Directors.

Article XV. Fiscal Year.

Sec. 1. The fiscal year of the Company shall begin on the first day of in each year, beginning in 190 .

Article XVI. Inspection of Books.

Sec. 1. The records of the meetings of stockholders and all books relating to the transfer of stock shall be open to the inspection of stockholders during the

ordinary and usual hours of business. All other books shall be under the control of the directors, who are hereby empowered to decide when and under what conditions and circumstances said books may be examined by the stockholders, and all the rights of the stockholders in this regard are limited and restricted in accordance with this by-law.

Article XVII. Annual Statement.

Sec. 1. The Board of Directors shall present at each annual meeting, and when called for by the stockholders, at any special meeting, a full and clear statement of the business and condition of the corporation.

Article XVIII. Amendments.

Sec. 1. The stockholders, by the affirmative vote of a majority of the stock issued and outstanding, may at any regular or upon notice at any special meeting alter or amend these by-laws in any manner not contrary to law.

On motion, it was *Voted*, to proceed to the election of officers for the ensuing year by written ballot, and that the Clerk be a committee to receive, sort, and count the votes thrown. Having attended to that duty, he reported that for directors , had each received votes, being all the votes thrown; that for Treasurer had received votes, being all the votes thrown; that for Clerk had received votes, being all the votes thrown; that for Secretary had received votes, being all the votes thrown.

The report was accepted and the persons therein named were declared to be duly elected to the respective offices.

The Clerk was then duly sworn, as appears by the following certificate:

State of Maine }
County of Hancock } ss.

, Maine, April , 1907.

Then personally appeared the above named , and being duly sworn made oath that he would faithfully and impartially perform the duties of his said office.

Before me,

, *Notary Public.*

On motion, it was *Voted*, to prepare a Certificate of Incorporation setting forth the name and purposes of the corporation and other particulars required by said chapter 47, and the same was accordingly done.

On motion, it was *Voted*, to adjourn. Adjourned.

Attest: , *Secretary.*

, *Clerk of Meeting of Associates.*

SUGGESTIONS RELATIVE TO THE DRAFTING OF CHARTERS AND THE PREPARATION OF MINUTES FOR THE ORGANIZATION MEETINGS OF CORPORATIONS.

In presenting a few suggestions relative to the incorporation and organization of corporations it is assumed that a choice has been made of some particular State from which a charter is to be obtained, and that a duty has been imposed upon the attorney of drafting the charter under the laws of such State and organizing the corporation ready for the transaction of business thereunder. The suggestions that follow are made more with a view to utilizing to the best advantage the forms and precedents to be found in the present work rather than with the hope of presenting anything particularly new or original along this line.

THE DRAFTING OF THE CHARTER.

First, ascertain whether all the purposes the insertion of which in the charter is desired by the client may be embodied in one charter. By reference to the "Synopsis Digest" contained in Part II. of this work, this question can be readily answered. Next, turn to the forms for charters of the various States and Territories found in Part III. of the present work, and make use of the skeleton form therein found, for drafting a charter under the laws of the particular States in which this particular charter is sought. The only clauses of the charter to which particular reference need be made here are what are known as the "Object Clause," the "Preferred Stock Clause," and the "Clause for the Regulation of the Internal Affairs of the Corporation."

In drafting the first of these, the "Object Clause," reference should be first had to the "Specific Object Clauses" found in Part III. pp. 561-600, of this work. Forms for drafting the more common of such specific "Object Clauses" will be found therein. Next, it will often be found convenient and useful to add to the "Specific Object Clauses" certain "General Object Clauses;" such, for example, as those permitting a corporation to purchase and hold its own stock and stock in other corporations as well, and to acquire patents, patent rights, trade marks, etc., and to hold real and personal property without limit, and to transact business in other States and Territories and foreign countries. Sometimes, too, it is of advantage to insert a clause authorizing the corporation to acquire an existing business or to engage in a general merchandise business. Such forms will also be found in Part III. pp. 601-603, herein.

Next, attention is called to the "Preferred Stock Clauses," forms for which will be found on pp. 611–612 of Part III. herein. In connection with the clause for the regulation of the internal affairs of a corporation, attention should first be directed towards ascertaining whether the insertion of such a clause is permitted under the laws of the particular Commonwealth from which the charter is to be procured. Examples of such clauses will be found on pp. 603–611 of Part III. herein. A stock subscription agreement should ordinarily be signed by all of the incorporators before the articles of incorporation are signed. (See Part III. pp. 797–798.)

Finally, see that the requisite number of incorporators sign the articles and acknowledge their execution (when the same is required) before a notary public or other officer authorized to take acknowledgments. In some of the States, notably New Jersey, if the articles are acknowledged without the State, a certificate must be obtained certifying to the officer's due appointment as well as to his authority to take such acknowledgments.

THE PROCURING OF THE CHARTER.

Ordinarily three copies of the charter should be prepared: the first of these should be signed and acknowledged by each of the incorporators, and becomes the original; the second is for the purpose of filing (when duly certified) in local county office (when the same is required by statute), and the third — after being properly certified — remains the property of the corporation.

In most of the Commonwealths at the time the charter is presented to State officials for filing and recording, it must be accompanied by a sufficient remittance to cover not only the organization tax but the filing and recording fees as well. (See Part II. pp. 613–681.) After the certificate of incorporation is issued by the proper State officials, a certified copy thereof should (when the same is required by statute) be promptly filed in the proper county office.

ORGANIZING THE CORPORATION.

(See Composite Form of Minutes and By-Laws, Part III. pp. 512–524.)

The organization meeting of the corporation must be held within the domiciliary State of the corporation unless such meetings are expressly authorized by statute to be held without such domiciliary State. The most convenient practice is for the incorporators to sign a written waiver of notice fixing the time and place of the meeting. (See Part III. p. 788.) If other stockholders than the incorporators have signed the preliminary stock subscription agreement, they also must sign the written waiver here referred to. The meeting organizes by the election of a Chairman and a temporary Secretary. Either the charter itself (if one is issued) or, in lieu therof, a certified copy of the certificate of incorporation should be presented and entered at length in the minutes.

The By-Laws should next be adopted section by section and entered in the minutes. If the certificate of incorporation names the first Board of Directors, it is not necessary to elect a new Board at the organization meeting. Where such Directors are not named in the certificate of incorporation, the next order of business is the election of Directors. When required by statute (or when not required, if the incorporators so desire), Inspectors of Election should be appointed and sworn. If the persons so chosen as Directors are not subscribers to the capital stock of the corporation, they may become qualified either by subscribing for stock or by having one of the incorporators who is a subscriber to the capital stock assign his stock subscription to them. (See Part III. p. 798.)

If it is the intention of the corporation to take over certain property (either real or personal) in exchange for its capital stock, the following suggestions may be made: Let some party who is not an officer or director in the corporation offer to enter into an agreement with the latter relative to the sale of such property for stock. (See Part III. pp. 776, 786.) Then draft the minutes of the incorporators' meeting, so that provision is made for the acceptance of such offer in exchange for a certain specified number of shares in the corporation. The resolution thus passed may be so framed as to operate as a payment of the capital stock subscribed for by the incorporators. (See Part III. pp. 777, 787.) Under this resolution the matter is referred to the Board of Directors for more formal action. The Board may, if it sees fit, authorize the execution of a formal agreement covering the transfer of such property for stock in substantially the form set forth in Part III. p. 801. This secures the issuance of the capital stock either in whole or in part as full-paid and non-assessable, providing the Directors in appraising the property are not guilty of fraud or gross overvaluation in appraising the same. Next, if it is desired to place some of this stock so that it may be sold to procure working capital for the corporation, the party to whom it is issued may transfer the same in trust to the corporation for that purpose. (See Part III. pp. 599–600.) This stock, when so transferred,

can be sold under the order of the Board of Directors of the Corporation, at such times and for such prices as they may deem proper; and parties purchasing such stock will then receive the same free from any future liability for unpaid installments thereon, even though they have purchased such stock at considerably less than par.

The seal of the Company should be adopted at this meeting. It is not necessary for the incorporators to be present in person at the meeting. They may all be represented by proxy if desired. Immediately after adjournment of the incorporators' organization meeting, or later if more convenient, the Directors should meet pursuant to a written waiver of notice signed by all of them fixing the time and place of such meeting. (See Part III. p. 591.) The Board then proceeds to elect such officers of the Company as are provided for in the By-Laws adopted at the incorporators' meeting. If the By-Laws provide for an Executive Committee, they should be appointed at the same time the officers are elected. A form of stock certificate should also be passed upon and approved, and the Secretary given authority to procure necessary stock certificates, corporate books, seal, etc. It will be found convenient at this meeting to pass a resolution authorizing the opening of a bank account designating the bank therein and the officers of the corporation by whom checks and drafts shall be signed. (See Part III. pp. 604, 605.) Where it is necessary to provide for the maintaining of the domiciliary office for the corporation or the appointment of a registered agent, this should be attended to at the first meeting of the incorporators and Directors. The form for the proper resolutions relative to this matter to be passed at the incorporators' meeting, will be found on page 775 *ante*. Such resolutions should properly be followed by action taken at the directors' meeting, to the following effect. The Board of Directors at their organization meeting should pass the following resolutions:

"RESOLVED, that in compliance with the laws of and the certificate of incorporation of the Company, the principal (or registered) office of the Company be established and maintained at the office of , in the city of , and that a sign with the Company's name thereon be conspicuously displayed at the entrance of said office; and be it further (to be passed only where the incorporation act specifically requires it).

"RESOLVED, that the President of the Company be and he hereby is authorized and directed to execute in the name of and on behalf of said corporation the statement required to be filed by domestic corporations under the provisions of the statutes of the State of in such case made and provided and attach the seal of the corporation thereto, and in such statement to designate , a resident of the State of , residing and having his office at No. , Street in the City of , State of , as the person upon whom process against the corporation may be served within the State of , and further to do all acts and things necessary to comply with the statutes of said State in such case made and provided."

The issuance of stock in exchange for property should be provided for by resolution in accordance with the terms of a similar resolution passed by the incorporators at their organization meeting. If the stock is to be paid for in cash, a resolution substantially in the following form should be passed by the Board, to wit:

"RESOLVED, that an assessment be, and the same hereby is, made of dollars per share from the amount unpaid upon the shares of the capital stock of the Company, and that the same be paid to the Treasurer of the Company on or before the day of , 190 ."

TABLE I.

TABLE OF ORGANIZATION TAXES PAYABLE UPON INCORPORATION.

Capitalization.

State.	$2,000.00	$5,000.00	$25,000.00	$50,000.00	$100,000.00	$200,000.00	$500,000.00	$1,000,000.00	$5,000,000.00	Approximate Sundry fees
Alabama	$25.00	25.00	25.00	25.00	50.00	75.00	150.00	275.00	1,275.00	8.00
Alaska	Merely filing fees.									5.00
Arizona	Merely filing fees.									30.00
Arkansas	25.00	25.00	25.00	25.00	75.00	100.00	175.00	300.00	1,300.00	7.50
California	15.00	15.00	15.00	25.00	50.00	50.00	75.00	100.00	500.00	13.00
Colorado	20.00	20.00	20.00	20.00	30.00	50.00	110.00	210.00	1,010.00	15.00
Connecticut	25.00	25.00	25.00	25.00	50.00	100.00	250.00	500.00	2,500.00	12.00
Delaware	10.00	10.00	10.00	10.00	10.00	20.00	50.00	100.00	350.00	11.00
Dist. of Col.	25.00	25.00	25.00	25.00	40.00	80.00	200.00	400.00	2,000.00	3.00
Florida	5.00	10.00	50.00	100.00	200.00	250.00	250.00	250.00	250.00	15.00
Georgia	No organization tax.									30.00
Hawaii	A stamp tax of $25.00 on any capitalization is imposed.									Nominal
Idaho	10.00	10.00	10.00	20.00	40.00	60.00	60.00	100.00	150.00	12.00
Illinois	30.00	50.00	70.00	95.00	145.00	245.00	545.00	1,045.00	5,045.00	7.00
Indiana	10.00	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00	5,000.00	5.00
Ind. Territory	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	10.00
Iowa	25.00	25.00	40.00	65.00	115.00	215.00	515.00	1,015.00	5,015.00	35.00
Kansas	10.00	10.00	25.00	50.00	100.00	150.00	300.00	550.00	2,550.00	27.50
Kentucky	2.00	5.00	25.00	50.00	100.00	200.00	500.00	1,000.00	5,000.00	8.00
Louisiana	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	50.00
Maine	10.00	10.00	50.00	50.00	50.00	50.00	50.00	100.00	500.00	18.00
Maryland	2.50	6.25	31.25	62.50	125.00	250.00	625.00	1,250.00	6,250.00	10.00
Massachusetts	25.00	25.00	25.00	25.00	50.00	100.00	250.00	500.00	2,500.00	5.00
Michigan	5.00	5.00	12.50	25.00	50.00	100.00	250.00	500.00	2,500.00	7.00
Minnesota	50.00	50.00	50.00	50.00	75.00	125.00	275.00	525.00	2,525.00	21.00
Mississippi	20.00	20.00	40.00	60.00	100.00	200.00	250.00	250.00	250.00	20.00
Missouri	50.00	50.00	50.00	50.00	75.00	125.00	275.00	525.00	2,525.00	5.00
Montana	20.00	20.00	20.00	25.00	50.00	90.00	185.00	285.00	685.00	10.00
Nebraska	10.00	10.00	20.00	50.00	50.00	100.00	250.00	500.00	2,500.00	18.00
Nevada	10.00	10.00	10.00	10.00	10.00	20.00	50.00	100.00	500.00	15.00
N. Hampshire (Non-resident corporations)	10.00	10.00	10.00	25.00	25.00	50.00	50.00	100.00	200.00	6.50
New Jersey	25.00	25.00	25.00	25.00	25.00	40.00	100.00	200.00	1,000.00	8.00
New Mexico	25.00	25.00	25.00	25.00	25.00	25.00	50.00	100.00	500.00	18.00
New York	1.00	2.50	12.50	25.00	50.00	100.00	250.00	500.00	2,500.00	15.00
No. Carolina	25.00	25.00	25.00	25.00	25.00	40.00	100.00	200.00	1,000.00	5.00
North Dakota	50.00	50.00	50.00	50.00	75.00	125.00	275.00	525.00	2,525.00	12.00
Ohio	10.00	10.00	25.00	50.00	100.00	200.00	500.00	1,000.00	5,000.00	12.00
Oklahoma	Merely filing fees.									11.00
Oregon	10.00	10.00	20.00	25.00	35.00	45.00	60.00	75.00	375.00	4.25
Pennsylvania	6.66	16.66	83.33	166.66	333.33	666.66	1,666.66	3,333.33	16,666.66	50.00
Philippines	The organization tax is 25 pesos. Any capitalization									
Porto Rico	25.00	25.00	25.00	25.00	25.00	30.00	75.00	150.00	500.00	[illegible]
Rhode Island	100.00	100.00	100.00	100.00	100.00	200.00	500.00	1,000.00	5,000.00	2.50
South Carolina	5.00	5.00	25.00	50.00	100.00	150.00	300.00	550.00	1,550.00	10.00
South Dakota	10.00	10.00	10.00	15.00	15.00	20.00	20.00	30.00	115.00	3.00
Tennessee	12.00	15.00	35.00	60.66	110.00	210.00	510.00	1,010.00	5,010.00	25.00
Texas	25.00	25.00	35.00	45.00	70.00	120.00	270.00	520.00	2,520.00	2.80
Utah	.50	1.25	6.25	12.50	25.00	50.00	125.00	250.00	1,250.00	12.00
Vermont	10.00	10.00	50.00	50.00	100.00	100.00	200.00	300.00	500.00	4.00
Virginia	10.00	10.00	10.00	10.00	20.00	40.00	100.00	600.00	600.00	15.00
Washington	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	10.00
West Virginia Resident	10.00	10.00	20.00	25.00	35.00	55.00	100.00	150.00	310.00	32.00
West Virginia Non-resident	15.00	15.00	20.00	30.00	50.00	75.00	150.00	275.00	725.00	38.00
Wisconsin	25.00	25.00	25.00	50.00	100.00	200.00	500.00	1,000.00	5,000.00	4.00
Wyoming	5.00	5.00	10.00	10.00	10.00	15.00	30.00	55.00	255.00	15.00

TABLE II.

TABLE OF ANNUAL FRANCHISE TAX UPON DOMESTIC CORPORATIONS.

Capitalization.

State.	$10,000.00	$25,000.00	$50,000.00	$100,000.00	$200,000.00	$300,000.00	$500,000.00	$1,000,000.00	$5,000,000.00
Alabama	$10.00	15.00	25.00	50.00	75.00	125.00	200.00	300.00	500.00
Alaska	none	none	none	none	none	nore	none	none	none
Arizona	none	none	none	none	none	non	none	none	none
Arkansas	10.00	10.00	25.00	25.00	50.00	50.00	50.00	100.00	100.00
California	10.00	20.00	20.00	25.00	50.00	75.00	75.00	100.00	200.00
Colorado	0.20	0.50	1.00	2.00	4.00	6.00	10.00	20.00	100.00
Connecticut	none	none	none	none	none	none	none	none	none
Delaware	5.00	5.00	10.00	10.00	20.00	20.00	25.00	50.00	150.00
Dist. of Col.	none	none	none	none	none	none	none	none	none
Florida	none	none	none	none	none	none	none	none	none
Georgia	5.00	5.00	10.00	10.00	25.00	25.00	50.00	75.00	100.00
Hawaii	2% on net income of corporation.								
Idaho	12.50	15.00	22.50	37.50	52.50	75.00	75.00	90.00	150.00
Illinois	none	none	none	none	none	none	none	none	none
Indiana	none	none	none	none	none	none	none	none	none
Iowa	none	none	none	none	none	none	none	none	none
Kansas	none	none	none	none	none	none	none	none	none
Kentucky	10.00	10.00	15.00	30.00	60.00	90.00	150.00	300.00	1,500.00
Louisiana	none	none	none	none	none	none	none	none	none
Maine	5.00	5.00	5.00	10.00	10.00	50.00	50.00	75.00	275.00
Maryland	none	none	none	none	none	none	none	none	none
Massachusetts	10.00	25.00	50.00	100.00	200.00	300.00	500.00	1,000.00	5,000.00
Michigan	none	none	none	none	none	none	none	none	none
Minnesota	none	none	none	none	none	none	none	none	none
Mississippi	none	none	none	none	none	none	none	none	none
Missouri	none	none	none	none	none	none	none	none	none
Montana	none	none	none	none	none	none	none	none	none
Nebraska	none	none	none	none	none	none	none	none	none
Nevada	none	none	none	none	none	none	none	none	none
N. Hampshire	none	none	none	none	none	none	none	none	none
New Jersey	10.00	25.00	50.00	100.00	200.00	300.00	500.00	1,000.00	4,000.00
New Mexico	none	none	none	none	none	none	none	none	none
New York (On basis of 6 per cent dividend)	15.00	37.50	75.00	150.00	300.00	450.00	750.00	1,500.00	7,500.00
North Carolina	5.00	5.00	5.00	10.00	25.00	50.00	100.00	200.00	500.00
North Dakota	none	none	none	none	none	none	none	none	none
Ohio	10.00	25.00	50.00	100.00	200.00	300.00	500.00	1,000.00	5,000.00
Oklahoma	none	none	none	none	none	none	none	none	none
Oregon	15.00	20.00	30.00	50.00	70.00	100.00	100.00	125.00	200.00
Pennsylvania	50.00	125.00	250.00	500.00	1,000.00	1,500.00	2,500.00	5,000.00	25,000.00
Philippines	No annual franchise tax.								
Porto Rico	No annual franchise tax.								
Rhode Island	none	none	none	none	none	none	none	none	none
South Carolina	5.00	12.50	25.00	50.00	100.00	150.00	250.00	500.00	2,500.00
South Dakota	none	none	none	none	none	none	none	none	none
Tennessee	5.00	5.00	10.00	20.00	30.00	50.00	100.00	150.00	150.00
Texas	10.00	12.50	25.00	50.00	100.00	150.00	250.00	500 00	1,500.00
Utah	5.00	10.00	15.00	25.00	40.00	50.00	50.00	50.00	50.00
Vermont	10.00	10.00	10.00	15.00	25.00	35.00	50.00	50.00	50.00
Virginia	10.00	10.00	20.00	40.00	60.00	60.00	100 00	200.00	600.00
Washington	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
W. Virginia Resident	15 00	20.00	25.00	35.00	55.00	70.00	100.00	150.00	310.00
W. Virginia Non-resident	15.00	20.00	30.00	50.00	75.00	100.00	150.00	275.00	725.00
Wisconsin	none	none	none	none	none	none	none	none	none
Wyoming	none	none	none	none	none	none	none	none	none

STATEMENT OF TAXES AND FEES

CAP

	$2,000		$5,000		$25,000		$50,000		$1
	ORIGINAL LICENSE TAX	ANNUAL LICENSE TAX	ORIGINAL LICENSE TAX	ANNUAL LICENSE TAX	ORIGINAL LICENSE TAX	ANNUAL LICENSE TAX	ORIGINAL LICENSE TAX	ANNUAL LICENSE TAX	ORIGIN. LICENS TAX
ALABAMA	$71.00	$116.50	$74.00	$121.00	$94.00	$151.00	$115.00	$188.50	$165.0(
ALASKA	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
ARIZONA	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
ARKANSAS	25.00	10.00	25.00	10.00	25.00	10.00	25.00	25.00	75.0(
CALIFORNIA	5.00	10.00	15.00	10.00	15.00	20.00	25.00	20.00	50.0(
COLORADO	30.00	0.04	30.00	0.10	30.00	0.50	30.00	1.00	45.0(
CONNECTICUT	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
DELAWARE	The retaliatory system of taxation is in force in Delaware							.....	.....
DIST. OF COL.	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
FLORIDA	5.00	.....	10.00	.....	50.00	.....	100.00	.....	200.00
GEORGIA	.....	5.00	.....	5.00	.....	5.00	.....	10.00	.....
HAWAII	50.00	150.00	50.00	150.00	50.00	150.00	50.00	150.00	50.00
IDAHO	10.00	10.00	10.00	10.00	10.00	15.00	20.00	22.50	40.00
ILLINOIS	30.00	.....	50.00	.....	70.00	.....	95.00	.....	145.00
INDIANA	25.00	.....	25.00	.....	40.00	.....	65.00	.....	115.00
IOWA	25.00	.....	25.00	.....	40.00	.....	65.00	.....	115.00
KANSAS	10.00	.....	10.00	.....	25.00	.....	50.00	.....	100.00
KENTUCKY	10.00	10.00	10.00	10.00	10.00	10.00	15.00	15.00	30.00
LOUISIANA	No license taxes imposed. A license tax is imposed upon gross receipts of manufac								
MAINE	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
MARYLAND	25.00	.....	25.00	.....	25.00	.....	25.00	.....	25.00
MASSACHUSETTS	25.00	2.00	25.00	5.00	25.00	25.00	25.00	50.00	50.00
MICHIGAN	25.00	.....	25.00	.....	25.00	.....	25.00	.....	50.00
MINNESOTA	50.00	.....	50.00	.....	50.00	.....	50.00	.....	75.00
MISSISSIPPI	20.00	.....	20.00	.....	40.00	.....	60.00	.....	110.00
MISSOURI	60.00	.....	60.00	.....	60.00	.....	60.00	.....	85.00
MONTANA	20.00	.....	20.00	.....	20.00	.....	25.00	.....	50.00
NEBRASKA	10.00	.....	10.00	.....	10.00	.....	10.00	.....	10.00
NEVADA	The retaliatory system of taxation is in force in Nevada							.....	.....
N. HAMPSHIRE	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
N. JERSEY	The retaliatory system of taxation is in force in New Jersey							.....	.....
N. MEXICO	25.00	.....	25.00	.....	25.00	.....	25.00	.....	25.00
N. YORK	2.50	See Note	6.25	See Note	31.25	See Note	62.50	See Note	125.00
N. CAROLINA	10.00	5.00	10.00	5.00	10.00	5.00	10.00	10.00	10.00
N. DAKOTA	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
OHIO	15.00	2.00	15.00	5.00	15.00	25.00	15.00	50.00	15.00
OKLAHOMA	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
OREGON	50.00	10.00	50.00	10.00	50.00	20.00	50.00	30.00	50.00
PENNSYLVANIA	6.00	10.00	15.00	50.00	75.00	125.00	150.00	250.00	300.00
PHILIPPINES	50 pesos original tax. No annual license tax						.....	.....	.....
PORTO RICO	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
RHODE ISLAND	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
S. CAROLINA	.....	5.00	.....	5.00	.....	12.50	.....	25.00	.....
S. DAKOTA	No license taxes imposed		.....	.....	.....	.....	.....	.....	.....
TENNESSEE	50.00	5.00	50.00	5.00	50.00	5.00	50.00	10.00	50.00
TEXAS	50.00	25.00	50.00	25.00	70.00	25.00	90.00	50.00	140.00
UTAH	0.50	5.00	1.25	5.00	6.25	10.00	12.50	15.00	25.00
VERMONT	.....	10.00	.....	10.00	.....	10.00	.....	10.00	.....
VIRGINIA	10.00	5.00	10.00	5.00	10.00	10.00	10.00	10.00	20.00
WASHINGTON	25.00	15.00	25.00	15.00	25.00	15.00	25.00	15.00	25.00
W. VIRGINIA	See Note	.....	.....	.....	.....	.....	.....	.....	.....
WISCONSIN	25.00	.....	25.00	.....	25.00	.....	50.00	.....	100.00
WYOMING	5.00	.....	5.00	.....	10.00	.....	10.00	.....	10.00

NOTE. — In New York, foreign corporations pay an annual license tax imposed at the sa
For West Virginia tax on forei

E III.

POSED UPON FOREIGN CORPORATIONS.

LIZATION.

000	$200,000		$500,000		$1,000,000		$5,000,000		
ANNUAL LICENSE TAX	ORIGINAL LICENSE TAX	ANNUAL LICENSE TAX	ORIGINAL LICENSE TAX	ANNUAL LICENSE TAX	ORIGINAL LICENSE TAX	ANNUAL LICENSE TAX	ORIGINAL LICENSE TAX	ANNUAL LICENSE TAX	APPROXIMATE SUNDRY FEES
263.50	$265.00	$413.50	$565.00	$863.50	$1065.00	$1613.50	$5065.00	$7613.50	$10.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	Nominal
.....	.....	.....	.....	.....	.....	.....	.....	.....	40.00
25.00	100.00	50.00	175.00	50.00	300.00	100.00	1225.00	100.00	5.00
25.00	50.00	50.00	75.00	75.00	100.00	100.00	500.00	200.00	10.00
2.00	75.00	4.00	165.00	16.00	315.00	20.00	1515.00	100.00	12.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	16.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	60.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	None
.....	250.00	.....	250.00	.....	250.00	.....	250.00	.....	5.00
10.00	.....	25.00	.....	50.00	.....	75.00	.....	100.00	1.00
150.00	50.00	150.00	50.00	150.00	50.00	250.00	50.00	1250.00	Nominal
37.50	60.00	52.50	60.00	75.00	100.00	90.00	150.00	150.00	10.00
.....	245.00	.....	545.00	.....	1045.00	.....	5045.00	.....	7.00
.....	215.00	.....	575.00	.....	1015.00	.....	5015.00	.....	5.00
.....	215.00	.....	515.00	.....	1015.00	.....	5015.00	.....	5.00
.....	150.00	.....	300.00	.....	550.00	.....	2550.00	.....	27.50
30.00	60.00	60.00	150.00	150.00	300.00	300.00	1500.00	1500.00	5.00
ng corporations and the gross annual sales of mercantile corporations									5.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	None
.....	25.00	.....	25.00	.....	25.00	.....	25.00	.....	Nominal
00.00	100.00	200.00	250.00	500.00	500.00	1000.00	2500.00	5000.00	Nominal
.....	100.00	.....	250.00	.....	500.00	.....	2500.00	.....	5.00
.....	125.00	.....	275.00	.....	525.00	.....	2525.00	.....	5.00
.....	210.00	.....	250.00	.....	250.00	.....	250.00	.....	15.00
.....	135.00	.....	285.00	.....	535.00	.....	2535.00	.....	3.00
.....	90.00	.....	185.00	.....	285.00	.....	685.00	.....	5.00
.....	20.00	.....	50.00	.....	100.00	.....	500.00	.....	5.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	10.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	10.00
.....	25.00	.....	50.00	.....	100.00	.....	500.00	.....	22.00
e Note	250.00	See Note	625.00	See Note	1250.00	See Note	6250.00	See Note	11.00
25.00	20.00	50.00	50.00	100.00	100.00	200.00	100.00	500.00	5.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	27.50
00.00	20.00	200.00	25.00	500.00	30.00	1000.00	50.00	5000.00	12.50
.....	.....	.....	.....	.....	.....	.....	.....	.....	11.25 to 20.00
50.00	50.00	70.00	50.00	100.00	50.00	125.00	50.00	200.00	5.00
00.00	600.00	1000.00	1500.00	2500.00	3000.00	5000.00	15,000.00	25,000.00	10.75
.....	.....	.....	.....	.....	.....	.....	.....	.....	Nominal
25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	Nominal
.....	.....	.....	.....	.....	.....	.....	.....	.....	1.50
50.00	.....	100.00	.....	250.00	.....	500.00	.....	2500.00	15.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	20.00
20.00	100.00	30.00	150.00	50.00	200.00	100.00	250.00	150.00	40.00
00.00	240.00	140.00	540.00	260.00	1040.00	460.00	5040.00	860.00	Nominal
25.00	50.00	40.00	125.00	50.00	250.00	50.00	1250.00	50.00	11.00
5.00	.....	25.00	.....	50.00	.....	50.00	.....	50.00	4.00
5.00	40.00	20.00	100.00	25.00	600.00	25.00	600.00	25.00	10.00
5.00	25.00	15.00	25.00	15.00	25.00	15.00	25.00	15.00	5.00
.....	.....	.....	.....	.....	.....	.....	.....	.....	25.00
....	200.00	.....	500.00	.....	1000.00	.....	5000.00	.....	Nominal
....	15.00	.....	30.00	.....	55.00	.....	255.00	.....	3.50

ne ate and on the same basis as domestic corporations. See *ante*, pages 427 to 429 inclusive.
gn orporations see pages 547–549.

GENERAL INDEX.

[The references are to pages.]

A.

ABANDONMENT,
non-user of corporate franchise as a ground for forfeiture . . 158–159
of corporate powers 158–159
suspending ordinary business 159
ABSENT STOCKHOLDERS,
may vote by proxy 49, 101
ACCEPTANCE,
by State of surrender of charter 155
necessity of acceptance of resignation of directors 101
ACCEPTING BENEFIT,
in its relation to doctrine of estoppel 63
ACCOUNT BOOKS. (See Books of Account.)
ACKNOWLEDGMENT,
of certificate of incorporation 79–80
ACQUIESCENCE,
effect of 64
ACTIONS,
by creditors 142–143
by State to enforce forfeiture of charter 157–158
by stockholders 156–157
for assessments 142
ADOPTION. (See Ratification.)
ADOPTION OF BY-LAWS 99–100
by directors 75
ADVANTAGES,
of corporate organization 4–5
AFFIDAVIT,
anti-trust 81
as to amount of stock paid in 72–73
subscribed 81
as to payment of stock 81–82
as to publication 80
AGENT,
appointment of 180
certificate of appointment of 180
service of process upon 180

AGREEMENTS,
to consolidate 77
voting trust 103
ALIENATION,
of franchise of being a corporation not permitted 51–52
power of, by corporations 51–52
ALIENS,
may be directors 101
may become incorporators 13
ALTERATION,
of by-laws 100
of charter 46, 145–152
of name 41
of number of directors 46
of par value of shares 57
AMBIGUITIES,
in corporate grant is resolved in favor of public 77–78
AMENDMENT,
change of capitalization 41
corporate agent 47
domiciliary office 42
duration of corporate existence 40–41
name 41
number of directors 46
par value of shares 57
place of business 47
powers 56–57
purposes 46, 145–152
decrease of capital stock 41
increase of capital stock 41
of charter by directors 146
stockholders 145–152
of charters 145–152
before organization 58
AMOTION,
of directors 60–61
of officers 60–61
AMOUNT,
limitations upon amount of capital stock 69–70
of stock paid in 72
subscriptions 70–71
with which a corporation may begin business 73
ANNUAL LICENSE TAX,
upon foreign corporations 199–202
ANNUAL MEETING,
date of 74
place for holding 40
ANNUAL REPORTS. (See REPORTS.)
ANTI-TRUST AFFIDAVIT 81
ANTI-TRUST LEGISLATION 167–168

APPLICATION FOR CHARTERS,
form of 80
refusal of 80, 82–83
APPOINTMENT,
of executive committee 107–108
of resident agent 180
APPRAISAL OF PROPERTY,
by directors 137–138
by State officials 139–141
taken by a corporation in exchange for capital stock . . . 137–138
ARTICLES OF AGREEMENT,
purpose of 10
ARTICLES OF ASSOCIATION,
synonymous with charter 11
ARTICLES OR CERTIFICATE OF INCORPORATION,
acknowledgment of 79–80
amendment of 145–152
contents of 11
defects in 80
evidentiary effect of 26
filing, publishing, and recording of 80, 86–87
miscellaneous provisions relative to contents of 76–77
publishing 80
recording 86–87
remarks on 9
signing 79
synonymous with charter 11
ASSENT OF STOCKHOLDERS,
to by-laws 100
to preferred stock 45
ASSESSMENTS,
forfeiture of shares for non-payment of stock 108–109
power to levy 48–49
ASSETS,
of corporations liable for their debts 114
power of corporation to dispose of its entire 51–52
ATTORNEY-GENERAL,
approval of articles by 77
bringing of *quo warranto* proceedings by 157

B.

BENEFITS,
doctrine that the reception of benefits under an *ultra vires* contract cuts off the right to set up its illegality 64
BEQUESTS,
power of corporation to accept 33
BOARD OF DIRECTORS. (See DIRECTORS.)
BOARD OF MANAGEMENT 67
BONA FIDE PURCHASERS OF SHARES,
liability of, to creditors 171–172

BONDED INDEBTEDNESS,
limitations upon . . . . . (See Part II.)
BONDHOLDERS,
right to participate in election of directors 57
BONDS,
power to issue 60
BONUS,
to be paid to the State upon creation of corporations . . . 84–85
BONUS STOCK, 143
BOOKS,
inspection of corporate 165–167
open to inspection of creditors 165–167
stockholders 165–167
what books corporations required to keep . . . . . (See Part II.)
where kept 65–66
BOOKS OF ACCOUNT. (See Books.)
BORROW,
incidental power of corporations to 60
BREACHES of TRUST,
by directors 174–176
BURDEN OF PROOF,
when thrown upon creditors in attacking valuation of property taken in exchange for stock 125–137
when thrown upon stockholders in attacking valuation of property taken in exchange for stock 125–137
BUSINESS,
entire, may be transacted outside of domiciliary State 40
power to transact, outside of domiciliary State 38–40
principal place of 66
BUSINESS CORPORATION,
meaning of term 9
BY-LAWS,
adoption of 99–100
by directors 75
alteration of 99–100
book of 100
definition of 99
inherent power to make 33
mode of enacting 33
power of directors to adopt 55–56
of stockholders to adopt 99
to enact 33
to inflict penalties for violation of . . . . . (See Part II.)
statutory provisions relative to 100

C.

CAPITAL,
liability of directors for declaring dividends out of 174
what is, when applied to corporations 67–68

CAPITAL STOCK,
decrease of 41
definition of 67–69
increase of 41
issuance of 112–113
limitation upon amount of . . . . . (See Part III. Table V.)
manner of payment of 69, 112–113
payment of, in cash 113
property 120–122
services 120
CERTIFICATE OF CAPITAL STOCK,
when must issue 110–111
who entitled to 110–111
who must sign 110–111
CERTIFICATE OF INCORPORATION. (See ARTICLES OF INCORPORATION.)
CERTIFICATE OF ORGANIZATION,
synonymous with charter 11
CHANGE IN ARTICLES. (See AMENDMENT TO ARTICLES.)
CHANGE OF CORPORATE NAME 41
CHARTERS,
construction of 77–78
creation of corporations under 9
definition of 10
essentials of 11
form in which granted 86
nature of 10
(See also ARTICLES OF INCORPORATION.)
selection of matters to be inserted in . . . (See Part III. 642–644)
CITIZENS,
meaning of term in federal constitution 181
CITIZENSHIP OF CORPORATIONS 66
CLASSIFICATION,
of directors 57–58
of incorporation acts 7–8
COLLATERAL ATTACK,
upon corporate existence 21–28, 88–92
upon corporate powers 21–28
upon corporate purposes 21–28
COMBINATIONS,
in restraint of trade, unlawful trusts for the control of corporations and the prevention of competition among them . . . 167–168
COMITY,
doctrine of State 184–190
COMMENCE BUSINESS,
time within which corporation must organize and 109–110
when corporation entitled to 92–94
COMMENCEMENT OF CORPORATE EXISTENCE 92–94
COMMENCEMENT OF OPERATIONS (See COMMENCE BUSINESS.)
COMMERCE CLAUSE OF THE FEDERAL CONSTITUTION 202–210

COMMERCIAL PAPER. (See NEGOTIABLE INSTRUMENTS.)
COMMISSIONERS,
to take stock subscriptions 99
COMMITTEE,
executive 56, 107–108
COMMON LAW POWERS,
definition of 30–31
enumeration of 30–31
COMPANY,
does not imply incorporation 14
COMPETITION,
combinations or trusts among corporations for the prevention of 167–168
CONCLUSIVE,
meaning of, in relation to evidentiary effect of documents . . . 26
CONDITIONS,
imposed upon domestic corporations with reference to transaction of business within State 145–179
imposed upon foreign corporations with reference to transaction of business within State 180–210
CONDITIONS PRECEDENT,
to coming into existence as a corporation 93
CONDITIONS SUBSEQUENT,
forfeiture of charters on the happening of 93
CONSOLIDATION,
meaning of 40
payment of taxes upon 85
regulation of right of 178–179
CONSOLIDATION OF CORPORATIONS,
when power exists 38
CONSTITUENT ACTS,
power to perform outside of domiciliary State 40
CONSTITUTIONAL LAW 181, 202–210
CONSTITUTIONAL PROVISIONS,
creating individual liability of stockholders for corporate debts 169–174
CONSTITUTIONAL RESTRAINTS,
relative to impairing the obligations of contracts 153–154
upon the creation of corporations 9
CONSTRUCTION OF CHARTER 77–78
CONTRACTS,
impairing obligation of 77–78
power of corporations to make 60
CONTROL OF CORPORATIONS,
who entitled to 102
CORPORATE AGENTS,
power to appoint 33
CORPORATE BOOKS. (See BOOKS.)
CORPORATE ELECTIONS. (See ELECTIONS.)

CORPORATE EXISTENCE,
collateral attack upon 21-28, 88-92
duration of 73-74
extension of 176-177
power to extend 40-41
proof of 24-25
right of State in direct proceedings to attack 90-92
when commences 92-94
CORPORATE NAME,
not alienable 32
power to change 41
right to 31
CORPORATE OFFICERS,
election of 105-107
power to appoint 33
CORPORATE POWERS,
at common law 30-31
classification of 29-30
collateral attack upon 21-28
consolidation of 29
definition of 30, 31, 59
enumeration of 34-35
express 30, 34, 36
financial 60
implied 30-31, 59
incidental 30, 59-60
power of amotion 60-61
to give and accept evidences of debt 60
mortgage and pledge 60
purchase corporation's own stock 36-37
purchase stock in other corporations 37-38
CORPORATE PURPOSES,
collateral attack upon 15-19
illegal 6-28
number of 19-20
CORPORATE SEAL,
right to adopt and use a 32
CORPORATIONS,
cannot be created by voluntary agreement 10
cannot become incorporators 13
citizenship of 66
common law powers of 38
consolidation of 38, 178-179
created by special act 9-10
de facto corporations 87-88
definition of 87-88
domicile of 66
express powers of 34-36
extension of corporate existence 40-41
for what purposes may be formed 19

CORPORATIONS — *continued.*
incidental powers of 59-60
name of 14
power of minority stockholders to compel purchase of holdings . 47
to amend articles before organization 58
appoint executive committee 56
authorize directors to adopt by-laws 55-56
authorize voting by proxy 49
bestow upon bondholder's right to vote at corporate elections 57
borrow money 60
change corporate domicile 47
change corporate name 41
change corporate purposes 46
change number of directors 46
change par value of shares 57
change principal place of business 47
classify directors 57-58
diminish corporate powers 57
dispose of corporate assets as an entirety 51-52
enforce a lien upon stock to secure payment of corporate debts 47-48
enlarge corporate powers 56
forfeit stock 48-49
increase or decrease capital stock 41
insert provision for regulation of internal affairs . . 53-55
issue preferred stock 41-45
issue stock in exchange for services or property . . 49-50
levy assessments 48-49
make contracts 60
perform constituent acts 40
permit cumulative voting 49
purchase its own stock 36-37
purchase stock in other corporations 37-38
surrender charter before organization 58
transact business outside of domiciliary State . . . 38-40
voluntarily dissolve the corporation 52-53
steps necessary to creation of 12
time within which corporation must organize 109-110
where can be created by special act 9

CORPORATOR 12

COUNTY OFFICES,
filing and recording in 86

CREDITORS,
directors' liability to 174-176
right of, to enforce stockholders' liability for corporate debts . 169-174
inspect corporate books 165-167
stockholders' liability to 169-174

CUMULATIVE VOTING,
at corporate elections 49

D.

DARTMOUTH COLLEGE DECISION 153
DATE OF ANNUAL MEETING 74
DEBTS,
limitation upon account of corporate 74–75
power of corporations to incur 60, 74–75
DECREASE OF CAPITAL STOCK 41
DE FACTO CORPORATIONS, ... 87–90
DEFAULT,
in payment of annual tax, effect of 160
DEFINITIONS,
business corporation 9
capital stock 68
incorporation 9
incorporator 12
shares of stock 68
DE JURE CORPORATIONS 86–90
DELEGATION,
of powers of board of directors to executive committee . . . 107–108
DEVISES,
power of corporations to accept 33
DIMINISHMENT,
of corporate powers 53
DIRECTORS,
adoption of by-laws by 75
appraisal of property by 137–138
classification of 57–58
election of 100–104
first meeting of 105–107
named in certificate are directors *de jure* 67
power to adopt by-laws 55, 96
appoint executive committee 56
change number of 46
vote by proxy 106
qualification of 101–102
(See BOARD OF MANAGEMENT.)
statutory liability of 174–176
DIRECTORY PROVISIONS,
what are 91
DISQUALIFICATION,
for the office of director 101
DISSENTING DIRECTORS,
provisions for the exoneration of, from statutory liability . . 154–157
DISSOLUTION,
involuntary 156–157
voluntary 52–53, 155–156
DISSOLUTION OF CORPORATIONS 52–53, 154–157

DISTINCTION,
between *de jure* and *de facto* corporations 87–88
DIVIDENDS 174
DOCTRINE OF ESTOPPEL 63–65
DOCTRINE OF STATE COMITY 184–190
DOCTRINE OF *ULTRA VIRES* 61–65
DOING BUSINESS,
what constitutes doing business by a foreign corporation . . 190–195
DOMESTICATION,
of foreign corporations 198
DOMESTIC CORPORATIONS 145–179
DOMICILE,
corporate 65–66
DOMICILE OF CORPORATIONS,
power to change corporate 47
DOMICILIARY OFFICE 65–66
DOUBLE LIABILITY,
of stockholders to creditors 173
DUMMY,
directors 14
incorporators 14
DURATION,
of corporate existence 73–74
limitations upon 154–155
of office for directors 102

E.

EFFECT,
of appraisal of property by directors 137–138
state officials 139–141
ELECTION,
of corporate officers 107
ELECTIONS,
corporate 100–104
of directors 100–104
ELEEMOSYNARY CORPORATIONS 9
ELIGIBILITY,
as an incorporator 14
to office of director 100–104
ENLARGEMENT,
of corporate powers 56
EQUAL PROTECTION OF LAWS 181
ERROR OF JUDGMENT 136
ESTOPPEL,
doctrine of, *in pais* 63–65
in case of *ultra vires* contracts 63–64
to deny corporate existence 28

EVIDENCE,
meaning of conclusive 20
prima facie 20
of corporate existence 24–26, 87–88
EXCESSIVE DEBTS 74–75
EXECUTION,
of articles of incorporation 79–80
EXECUTIVE COMMITTEE,
appointment of 107–108
power of directors to appoint 56
powers of executive committee of directors 56
EXEMPTION,
of stockholders from personal liability 75
EXISTENCE OF CORPORATION. (See CORPORATE EXISTENCE.)
EXPIRATION OF CHARTER 176
EXPRESS POWERS,
definition of 34–37
enumeration of 34–37
EXTENSION,
of corporate existence 176–177
payment of tax upon 85
EXTRA-TERRITORIAL POWERS 38–40, 184–190

F.

FALSE REPORT,
liability for directors making 174
FEDERAL COURTS,
right of foreign corporations to remove cases to 198
FEES,
organization 84–85, 177–178
FICTITIOUS INCREASE,
of stock 123
FICTITIOUS STOCK 72, 143
FILING CHARTER,
in local county offices 86–87
with State officials 82–84
FINANCIAL POWERS OF CORPORATIONS 60
FINES,
power to enforce by-laws by pecuniary fines 33
FIRST DIRECTORS' MEETING 105–107
FIRST GENERAL INCORPORATION ACT,
reference to 1
FOREIGN CORPORATIONS,
annual license tax on 199–202
license tax on 198–199
penalty for transacting business without permit 195–198
power to exclude 199
what constitutes doing business on the part of 190–195

FOREIGN LAWS,
extra-territorial force of statutes enforcing liability upon directors and stockholders 169–176
FORFEITURE OF CHARTERS,
for insolvency 160
for misuse or abuse of corporate powers 159
for non-payment of taxes 160
for non-performance of conditions precedent 160
subsequent 160
for non-user of corporate franchises 158–159
for violation of express statute 160
FORFEITURE OF SHARES 48–49
FORM,
in which charter is granted 86
FRANCHISES,
corporation 11
FRANCHISE TAX,
distinction between franchise tax and property tax 177–178
distinguished from organization tax 84–85
right to impose 178
FRAUD 127–128
FRAUDULENT ISSUE OF SHARES 33
FULL LIABILITY CORPORATIONS 174
FULL-PAID STOCK 142–143
FUNDAMENTAL CHANGES IN CHARTER 145–152

G.

GIFT OF SHARES,
effect of, on liability of stockholders 143–144
"GOOD FAITH RULE,"
for payment of shares in property other than money 123–125
statement of 123–125
GRADUATED ORGANIZATION TAX,
right to impose 178
validity of 85
GRANT,
power to 32–33

H.

HOLDING OVER BY DIRECTORS 102

I.

ILLEGAL PURPOSES 28–29
IMMUNITY,
from personal liability by publication of articles 80
IMPLIED POWERS 59
INCIDENTAL POWERS 59–61
INCORPORATION,
definition of 9
purposes for which corporations may be formed 17–19

INCORPORATION ACTS,
classification of 7-8
INCORPORATORS,
aliens may be 13
corporations cannot be 13
definition of 12
dummy 14
infants cannot be 13
married women may be 13
may sign articles by mark 79
must be known persons 13
organization meeting 95-96
privileges of 11
qualifications of 12
synonymous with corporators 12
INCREASE,
in par value of shares 57
of capital stock 41
INDEBTEDNESS,
limitation upon corporate 74-75
INDIVIDUAL LIABILITY OF STOCKHOLDERS 169-174
INFANTS 13
INSOLVENCY,
forfeiture of charter for 160
INSPECTION OF BOOKS AND RECORDS,
by creditors 165-167
by stockholders 165-167
INSPECTION OF CORPORATE BOOKS 165-167
INSPECTORS OF ELECTION 103-104
INTERNAL AFFAIRS,
provisions for the regulation of 53-55, 76, 168-169
INTERPRETATION OF CHARTER 77-78
INTER-STATE COMMERCE,
clause of the Federal Constitution 202-210
INTRODUCTION 1
INVOLUNTARY DISSOLUTION 156-157
IPSO FACTO DISSOLUTION 154-157
IPSO FACTO FORFEITURE 157-160
ISSUANCE AND PAYMENT OF CAPITAL STOCK . . . 112-113

L.

LABOR DEBTS,
liability of stockholders for 173-174
LAND,
power of corporations to take and hold 32-33
LAW AND FACT,
questions of 125

LEADING INCORPORATING STATES,
enumeration of 3, 7
LEASES,
power of corporations to accept leases in exchange for stock . 50, 121
LEGISLATIVE AUTHORITY,
essential to creation of corporations 10
LEGISLATIVE CONTROL,
over domestic corporations 145–179
over foreign corporations 180–210
LEGISLATIVE INVESTIGATION,
into corporate affairs 164
LEGISLATIVE REGULATION,
of internal affairs 167–168
LEGISLATIVE REQUIREMENT,
of annual report 164–165
LEGISLATURE 145
LETTERS PATENT,
when conclusive as to fact of incorporation 24–28
LIABILITY,
of directors. (See DIRECTORS.)
of stockholders. (See STOCKHOLDERS.)
LIABILITY OF STOCKHOLDERS,
exemption from 74–75
LICENSE TAX,
upon foreign corporations 198–199
LIEN,
corporation's lien upon stock of its members to secure debts due it 47–48
LIMITATIONS,
upon amount of capital stock 69–70
upon corporate existence 74–75, 154–155
upon power to hold real property 32–33
LIST OF SHAREHOLDERS,
failure to keep alphabetical list of stockholders not an *ipso facto* dissolution 176

M.

MAJORITY,
of directors rule in private corporations 102
of stockholders entitled to control in private corporations . . . 102
MANDAMUS,
right of 84
MANDATORY PROVISIONS 91
MANNER OF PAYMENT OF CAPITAL STOCK . . 69, 113, 120
MANUFACTURING CORPORATIONS 173
MARRIED WOMEN,
may be incorporators 13
MAXIMUM AMOUNT,
of indebtedness 82

MEETING,
date of annual 74
organization 95–98
MEETINGS,
of directors 105–107
for election of directors, where held 104
of stockholders 40, 96–98, 104
MERGER. See CONSOLIDATION.
MINING COMPANIES 131–132
MINISTERIAL DUTIES 84
MINORITY STOCKHOLDERS,
power to compel purchase of their stock upon consolidation 58–59, 102
MISCELLANEOUS PROVISIONS,
relative to contents of articles of incorporation 76–77
MISCONDUCT OF DIRECTORS. (See AMOTION.)
MISTAKES OF JUDGMENT,
in appraisal of property taken in exchange for stock 136
MISUSER,
a ground for forfeiting corporate charter 159
MONEY,
payment for stock in 113
"MONEY OR MONEY'S WORTH" RULE 113
MORTGAGE,
corporate 60
power to 60
MORTGAGE BONDS 60

N.

NAMES OF CORPORATIONS,
corporate name not alienable 31
purpose of 14, 31
power to change 41
protection of corporate 31
right to a corporate name 14, 31
similarity in corporate name forbidden 14, 31
NEGLIGENCE,
liability of directors for 175
NEGOTIABLE INSTRUMENTS,
corporate powers relating to 60
NON-ASSESSABLE STOCK 141–142
NONPAYMENT OF TAXES,
forfeiture of charter for 160
NON-PERFORMANCE OF CONDITIONS PRECEDENT,
forfeiture of charter for 160
NON-PERFORMANCE OF CONDITIONS SUBSEQUENT,
forfeiture of charter for 160

NON-USER,
dissolution of corporations for 158–159
NOTICE,
of directors' meetings 106
of incorporators' meetings 96

O.

OATH,
of inspectors of election 103
of office 101
OFFICE 66
OFFICERS,
of corporations 107
ONE-MAN CORPORATIONS 13–14
ONUS PROBANDI. (See BURDEN OF PROOF.)
ORGANIZATION MEETING OF INCORPORATORS,
how called 96
where held 96–98
ORGANIZATION OF CORPORATIONS,
certificate of 109
steps necessary to complete 98–99
ORGANIZATION TAX 84–85
distinguished from franchise tax 85
graduated 85
right to impose 178
ORGANIZE,
time within which corporations must 109–110
OUSTER,
judgment of, in *quo warranto* proceedings . . . 112–113, 157, 198
OVERVALUATION,
of property delivered in exchange for stock 122–137

P.

PAID UP STOCK,
meaning of 142–144
PARTNERS,
liability of incorporators as 80, 173
PAR VALUE,
change in 57
of capital stock 70
PATENT RIGHTS 50, 121
PAYMENT OF CAPITAL STOCK 112–120
certificate of 109
in property 120–122
in services 120
PENALTIES,
for violation of by-laws 33

PENALTY,
for failure to organize and commence business 110
upon foreign corporations for transacting business without permit 195–198
PERPETUAL SUCCESSION,
right of 31–32
PERSONAL PROPERTY,
power to hold 32–33
PETITION FOR INCORPORATION,
synonymous with charter 11
PLACE OF BUSINESS 11
power to change 66
PLEDGE, ... 47
power to 60
PLEDGEES,
liability of, for unpaid stock subscriptions 172
POLICE POWER 160–164
POWER,
to impose organization taxes 85
POWER OF ATTORNEY,
signing articles by 79
POWER OF STATE LEGISLATURES,
over foreign corporations 180–184
POWERS OF CORPORATIONS,
cannot be created by by-law 29
classification of 29–30
collateral attack upon 21, 23
common law 30–31
consolidation 38
express 30, 34, 36
incidental 30, 59–60
to acquire and hold property in trust 33
to acquire, hold, and dispose of real and personal property . . 32–33
to amend articles before organization 58
to appoint corporate officers and agents 33
to appoint executive committee 56
to authorize directors to adopt by-laws 55–56
to authorize voting by proxy 49
to bestow upon bondholders right to vote at corporate elections . 57
to borrow money 60
to change corporate domicile 47
to change corporate name 41
to change corporate purposes 46, 115–152
to change number of directors 46
to change par value of shares 57
to change principal place of business 47
to classify directors 57–58
to diminish corporate powers 57
to dispose of corporate assets as an entirety 51–52

POWERS OF CORPORATIONS — *continued.*
to enforce a lien upon stock to secure payment of corporate debts 47–48
to enlarge corporate powers 56
to establish by-laws 33
to extend corporate existence 40–41
to forfeit stock 48–49
to hold meetings for election of directors without domiciliary State . 104
to increase or decrease capital stock 41
to insert provision for regulation of internal affairs 53–55
to issue preferred stock 41–45
to issue stock in exchange for services or property 49–50
to levy assessments 48–49
to make contracts 60
to organize subsidiary companies 37
to perform constituent acts 40
outside of domiciliary State 40
to permit cumulative voting 49
to purchase its own stock 36–37
to purchase stock in other corporations 37–38
to sue and be sued 34
to surrender charter before organization 58
to take property by devise 33
to transact business outside of domiciliary State 38–40
to voluntarily dissolve the corporation 52–53
PREFERRED STOCK,
included in amount of authorized capital 68
power to issue 41–45
PRINCIPAL PLACE OF BUSINESS 66, 82
PROMOTERS 120
PROMOTION STOCK 120
PROOF OF CORPORATE EXISTENCE 24–26, 87–88
PROPERTY 49, 50, 120–122
(See PAYMENT FOR SHARES.)
PROPORTIONATE LIABILITY 169–174
PROXY,
right to vote by 49, 104–105
directors cannot vote by, at board meetings 106
PUBLICATION,
of annual reports 164–165, 175
of articles of incorporation 80
purpose of 80
PUBLIC POLICY,
corporate purposes opposed to 29
PURPOSES,
collateral attack upon corporate 16–28
corporate 15–19
for which corporations may be formed 15–19
illegal 28–29

PURPOSES — *continued.*
more than one purpose 19–20
number of 19–20
power to change corporate 46, 145–152

Q.

QUALIFICATION SHARES 101
QUALIFICATIONS OF DIRECTORS 101
QUESTIONS OF LAW AND FACT 125
QUORUM,
at corporate elections 102
at stockholders' meetings 102
of directors 106
of incorporators 96
QUO WARRANTO 157

R.

RATIFICATION 64
REAL ESTATE,
power to hold 32–33
REASONABLENESS,
of corporate by-laws 100
RECORDATION,
of articles of incorporation 86–87
RECORDS,
corporate 165–167
REDUCTION OF CAPITAL,
corporate powers relative to 41
REGULATION,
of internal affairs 53–55, 168–169
provision for 76
of right of consolidation 178–179
REMOVAL OF DIRECTORS 60–61
RENEWAL OF CHARTER 153–154
REPEAL 99–100
of by-laws 153–154
of charters 153–154
REPORTS,
annual 164–165
legislative requirement of annual 164–165
statutory liability of directors relative to 174–175
RESIDENCE OF CORPORATIONS 66
RESTRAINT OF TRADE,
combinations in 167–168
RETALIATORY TAXATION,
of foreign corporations 199

RIGHT,
of perpetual succession 31–32
to impeach corporate existence 88–92
RULE,
good faith 123–125
speculative value 125–137
true value 122–123
RULES,
for construction of charter 77–78

S.

SEAL,
affixed to certificate of incorporation 86
power to adopt and alter 32
use of, by incorporators 79
SECRETARY OF STATE,
effect of certificate of due incorporation 21–28, 88–92
mandamus against 84
SERVICE OF PROCESS,
appointment of agent upon whom process may be served . . . 180
SERVICES,
payment of stock in 49, 120
SIGNING ARTICLES OF INCORPORATION 79
SIMILARITY,
of corporate name forbidden 14, 31
SOLE STOCKHOLDERS 13–14
SPECIAL ACT,
incorporation by, forbidden 9–10
SPECIAL LIABILITY 173–174
SPECIAL REQUIREMENTS,
as to articles of incorporation 81–82
SPECULATIVE VALUE RULE 125–137
STATE,
police power of 160–164
powers of, in creation of corporations 10, 85
right of, to attack corporate existence 90–92
repeal charters 153–154
STATEMENT,
of good faith rule 123–125
of true value rule 122–123
of speculative value rule 125–137
STATE OFFICERS,
mandamus against 84
STATE OFFICIALS,
appraisal of property by 139–141
power to accept or reject articles 82–84
STATUTES OF MORTMAIN 32

STATUTORY LIABILITY,
of directors 174-176
of stockholders 169-174
STATUTORY LIMIT,
of indebtedness 74-75
STOCK,
amount paid in 72-73
with which corporation may begin business 73
assessments 108-109
capital 67-69
extinguishment of 37
full paid 142-143
issuance of, in exchange for services or property . . 49-50, 112-137
legislative authority necessary to issuance of 68
non-assessable 141-142
par value of 70
power of corporation to purchase its own 36-37
stock in other corporations . 37-38
power to decrease 41
forfeit 48-49
increase 41
statement in articles as to manner in which same shall be paid for 69
STOCK CERTIFICATES 110-111
STOCKHOLDERS,
double liability 173
exemption in articles from personal liability 75
liability for debts of the corporation 169-174
labor claims 173-174
unpaid stock subscriptions 169-172
liability of pledgees 172
transferees 172
transferors 172
trustees 172
special liability 173-174
STOCK NOTES 121
STOCK SUBSCRIPTIONS,
affidavit as to 81
amount of 70-71
SUBORDINATE OFFICERS AND AGENTS,
appointment of 107
SUBSCRIPTIONS FOR STOCK,
affidavit as to 80
SUBSEQUENT CONDITIONS 93, 160
SUBSIDIARY COMPANIES,
power to organize 37
SUE,
power to 34
SURPLUSAGE, ... 55

SURRENDER OF CHARTER,
before organization 58, 155
SUSPENSION OF BUSINESS 156, 158–159

T.

TAX,
organization 84–85
TAXATION,
of domestic corporations 177–178
TAXING POWER,
of the State as limited by the inter-state commerce clause of the Federal Constitution 202–210
TENDENCY,
in favor of incorporation 9
TENURE OF OFFICE 102, 107
TERMINATION OF CHARTER 154–155
TIME,
of corporate existence 73–74
within which corporations must organize and commence business 109–110
TRADE MARK,
name of corporatfon protected as a 15
TRADE NAME,
corporation protected in equity in use of its name 15
TRAMP CORPORATIONS 185
TRANSFER,
of entire corporate assets 51–52
of shares 171–172
TRANSFEREES,
liability of, for unpaid stock subscriptions 171–172
TRANSFERORS,
liability of, for unpaid stock subscriptions 171–172
TREASURY STOCK 121–122
TRUE VALUE RULE,
statement of 122–123
TRUST,
power to acquire and hold property in 33
voting 103, 105
TRUSTEE,
power of corporation to act as 33
TRUSTEES,
liability of, for unpaid stock subscriptions 172
TRUST FUND DOCTRINE 114
TRUST LEGISLATION 167–168

U.

ULTRA VIRES,
doctrine of 61–65
UNIFORM TAXATION 85
UNLAWFUL CORPORATIONS 10
UNPAID STOCK 142–145
USER 88

V.

VACANCIES,
in board of directors, power to fill 102
VALUATION,
of property taken in exchange for stock 137–141
VALUE, PAR 70, 110–111
VERIFIED REPORTS 174
VIOLATION OF EXPRESS STATUTES,
forfeiture of charter for 160
VISITORIAL POWERS,
of State legislatures relative to corporations 164
VOLUNTARY DISSOLUTION 52–53, 155–156
VOLUNTARY SURRENDER OF CHARTER 53
VOTING,
cumulative 49
by proxy 49, 104–105
trusts 103, 105

W.

WHAT CONSTITUTES DOING BUSINESS,
on the part of foreign corporations 190–195
WINDING UP. (See DISSOLUTION AND FORFEITURE.)
WORDS AND PHRASES . . . . . (See *passim*.)

INDEX TO SYNOPSIS-DIGEST OF THE INCORPORATION ACTS OF THE SEVERAL STATES, TERRITORIES, ETC.

[The references are to pages.]

ALABAMA 211–220
ALASKA 221–224
ARIZONA 225–229
ARKANSAS 230–237
CALIFORNIA 238–248
COLORADO 249–254
CONNECTICUT 255–260
DELAWARE 261–268
DISTRICT OF COLUMBIA . 269–273
FLORIDA 274–279
GEORGIA 280–284
HAWAII 285–288
IDAHO 289–294
ILLINOIS 295–301
INDIANA 302–313
IOWA 314–318
KANSAS 319–324
KENTUCKY 325–330
LOUISIANA 331–335
MAINE 336–340
MARYLAND 341–346
MASSACHUSETTS 347–353
MICHIGAN 353–360
MINNESOTA 361–367
MISSISSIPPI 368–372
MISSOURI 373–378
MONTANA 379–384
NEBRASKA 385–390
NEVADA 390–396
NEW HAMPSHIRE . . . 397–400
NEW JERSEY 401–408
NEW MEXICO 409–415
NEW YORK 416–434
NORTH CAROLINA . . . 435–440
NORTH DAKOTA 441–445
OHIO 446–453
OKLAHOMA 454–457
OREGON 458–463
PENNSYLVANIA 464–472
PHILIPPINES 473–478
PORTO RICO 479–483
RHODE ISLAND 484–487
SOUTH CAROLINA . . . 488–492
SOUTH DAKOTA 493–499
TENNESSEE 500–504
TEXAS 505–513
UTAH 514–519
VERMONT 520–524
VIRGINIA 525–533
WASHINGTON 534–538
WEST VIRGINIA 539–549
WISCONSIN 550–555
WYOMING 556–560

INDEX TO FORMS AND PRECEDENTS.

[The references are to pages.]

A.

ACCEPTANCE,
of constitution 831
ACKNOWLEDGMENTS,
by attorney in fact 831
corporate form for—in the several States and Territories. (See same indexed under name of State.)
of articles of incorporation for the several States and Territories 613–681
AFFIDAVIT,
as to mailing notices of stockholders' meeting 831
AGENT,
appointment of 684
AGREEMENT,
for sale of real or personal property in exchange for capital stock 800–801
placing shares of stock in trust for corporation 801–802
to take stock in corporation to be formed 797
to voting trust 813–814
underwriting 809–813
ALABAMA,
acknowledgment by corporations in 688
form for certificate of incorporation in 613–614
form for permit for foreign corporation in 687–688
ALASKA,
form for articles of incorporation in 614–615
AMENDMENT OF CHARTER,
certificates relative to 742–763
notices of meeting relative to 743, 744, 761
AMENDMENTS,
to charters, forms for 742–763
ANNUAL MEETING,
notice of 804
proxy for 800
APPOINTMENT,
of agent 684
ARIZONA,
acknowledgment by corporations in 689
form for amendments of charter in 752–753

ARIZONA — *continued*
form for articles of incorporation in (skeleton form) 615–616
form for permit for foreign corporation in 688
steamboat and transportation charter complete 846–849
ARKANSAS,
acknowledgment by corporations in 689
form for articles of agreement and incorporation 616–618
form for permit for foreign corporation in 689–690
ARTICLES OF INCORPORATION. (See CERTIFICATES OF INCORPORATION.)
ASSESSMENT,
of stock 863
ASSIGNMENT,
of subscription 798
ATTORNEY,
power of 806–807
ATTORNEY IN FACT,
acknowledgment by 831
AUDITING COMPANY,
charter of (under New Jersey laws) 836–838

B.

BANK,
certificate to be filed with, on opening account 805
BILL OF SALE 829
BOND,
form of 818–819
of treasurer 830
special clause for insertion in issue of 828
trust deed and bond 817–827
BONDS,
directors authorized to issue 604, 815–816
underwriters' agreement for 809–810
BROKERAGE COMPANY,
charter of (under New York laws) 838–840
BUSINESS,
appointing additional officers 609
borrow 608
classification of directors 603–604
clauses regulating business 603–611
common-law powers 610–611
contracts 610
cumulative voting 605
examination of books by stockholders 604
first meeting of incorporators 605
general business clause 609–610
guarantee dividends 609
holding stockholders' meeting without domiciliary State 605

BUSINESS — *continued.*
issuing stock and bonds in exchange for real and personal property 604
lend money 600
lien on stock for indebtedness of company 608
limitation on dividends 606
limitation on liability of original subscribers 609
limitation on the right to mortgage and pledge 604
non-assessable stock 610
partnership 600
placing stock in voting trust 605
placing titles in individuals 606
power of directors to appoint executive committee 605, 610
power of directors to dispose of all corporate property 602
power of directors to issue bonds 604
power of directors to make, alter, amend, or repeal by-laws . . . 604
powers of Board of Directors 609–610
preferred stock clause, long form 611–612
short form 611
removal of directors and officers 608
right of shareholders to participate in purchase of new stock issue 606–607
safety clause 606
security for persons or corporations 609
transaction of business without domiciliary State 601
working capital 607
BY-LAWS,
directors authorized to make, alter, and repeal 604
form of 779–784
Maine form 856–860
of United States Steel Company 789–797

C.

CALIFORNIA,
acknowledgment by corporations in 620
form for articles of incorporation in 618–619
form for permit for foreign corporations in 600
CAPITAL CLAUSES,
from charters of
Auditing Co. 837
Brokerage Co. 839–840
Coal Co. 850
Mining Co. 846
Steamboat and Transportation Co. 846
Trust and Investment Co. 843
United States Steel Corporation 833–834
preferred stock 611–612
CAPITAL STOCK,
decrease of, resolution relative to 742

CERTIFICATE,
interim 607–608
relative to amendment of charter 742–763
CERTIFICATE OF AUTHORIZATION,
to countersign certificates of stock 808–809
CERTIFICATE OF EXTENSION,
of corporate existence 751–752
CERTIFICATE OF SECRETARY,
to passage of a resolution 804
CERTIFICATES OF INCORPORATION,
of Auditing Co. 836–838
of Brokerage Co. 838–840
of Coal Co. 849–850
of Mining Co. 844–846
of Steamboat and Transportation Co. 846–849
of Trust and Investment Co. 841–843
of United States Steel Corporation 832–836
skeleton forms for use in all States and Territories 613–681
CERTIFICATE OF INSPECTORS,
of election 778, 803
CHARTER. (See CERTIFICATES OF INCORPORATION.)
CLERK,
certificate of, certifying to his appointment 830
COAL COMPANY,
form for charter of (under West Virginia laws) 849–850
COLORADO,
acknowledgment by corporations in 691
form for certificate of incorporation 619–620
form for permit for foreign corporations in 691
COMPANIES,
objects for specific. (See SPECIAL INDEX, pages 561–600.)
CONNECTICUT,
acknowledgment by foreign corporation in 692
form for certificate of incorporation (skeleton form) 620–621
form for permit for foreign corporations in 691–692
form for voluntary dissolution in 764
CONSTITUTION,
acceptance of 832
CORPORATE SIGNATURE,
form for 831
CUMULATIVE VOTING 605

D.

DEED OF TRUST,
securing issue of bonds 817–827
special clause for insertion in 828
DELAWARE,
acknowledgment by corporation in 693–694
form for amendments of charter in 753–756

DELAWARE — *continued.*
form for certificate of incorporation (skeleton form) 622–623
form for permit for foreign corporations in 693–694
form for voluntary dissolution in 765–766
Trust and Investment Co. charter complete 841–843
DIRECTORS,
classification of 603–604
election, resolution relative to 775
minutes of first meeting of 785–789
power to adopt and alter by-laws 604
power to appoint executive committee 605
power to contract specific debt, resolution granting power to 803–804
power to dispose of all corporate property 602
power to issue bonds 602, 604
powers of 609–610
removal of 608
waiver of notice of first meeting of 789
DISSOLUTION OF CORPORATIONS,
forms for 764–774
DISTRICT OF COLUMBIA,
acknowledgment by corporations in 693
certificate of payment of capital stock 817
form for certificate of incorporation (skeleton form) . . 623–624, 817
form for permit for foreign corporation in 693

E.

EXECUTIVE COMMITTEE,
directors authorized to appoint 605
EXTENSION OF CORPORATE EXISTENCE,
certificate relative to 751–752

F.

FLORIDA,
acknowledgment by corporations in 694
form for notice of incorporation and charter of corporation in 624–625
form for permit for foreign corporation in 694
FOREIGN CORPORATIONS,
appointment of agent by 684–685
general forms for securing permit to transact business by . . 682–741

G.

GENERAL MANAGER,
form for insertion in by-laws 831
power of attorney relative to acting as 806

GENERAL OBJECT CLAUSES 601–603
acquiring an established business 601
acquisition of company's own stock 601–602
authorizing the issuance of promotion stock 602
bond clause 602
conducting business in other States 601
disposal of all corporate property 602
general object clause 602–603
general purpose clause 602
holding stock in other corporations 601
patent and trademark clause 601
purchasing clause 601
real estate clause 601
trading clause 601
GEORGIA,
acknowledgment by corporation in 694
form of application for charter 626
form for permit for foreign corporation 694

H.

HAWAII,
form for permit for foreign corporation 694

I.

IDAHO,
acknowledgment by corporation in 696
form for articles of incorporation 626–627
form for permit for foreign corporation in 695–696
ILLINOIS,
acknowledgment by corporation in 697
form for permit for foreign corporation in 696–698
form for statement of incorporation 627–629
INCORPORATORS' MEETING,
minutes of 775–778
proxy for 778, 799
waiver of notice of 778, 798
INDEX,
specific object clauses 561–562
INDIANA,
acknowledgment by corporation in 699
form for articles of incorporation 629–630
form for permit for foreign corporations in 698–699
INSPECTORS',
oaths and report 778, 803
INTERIM CERTIFICATES,
clauses in charter relative to 607–608
IOWA,
acknowledgment by corporation in 699
form for articles of incorporation 631–634
form for permit for foreign corporations in 699

K.

KANSAS,
acknowledgment by corporations in 701–702
form for application for charter and form of charter 634–635
form for permit for foreign corporations in 699–701
KENTUCKY,
acknowledgment by corporations in 702
form for articles of incorporation 636
form for permit for foreign corporations in 702

L.

LETTER,
offering to transfer property in exchange for stock 776, 800
LIEN,
on stock for indebtedness due company 608
LOUISIANA,
acknowledgment by corporations in 704
form for certificate of incorporation 636, 638
form for permit for foreign corporations in 702–703

M.

MAINE,
acknowledgment by corporation in 704
Finance & Construction Co. charter complete 853–860
form for amendment of charters in 756–758
form for articles of association and certificate of organization 639–642
form of by-laws for 856–860
MANAGING AGENT,
power of attorney to act as 806–807
MANAGING DIRECTORS,
appointment of 831
MARYLAND,
acknowledgment by corporation in 704–705
form for certificate of incorporation 642–643
form for permit for foreign corporation in 704
MASSACHUSETTS,
acknowledgment by corporation in 706
form for articles of association and certificate of organization 643–645
form for permit for foreign corporation in 705–707
Investment Co., charter complete 850–852
MEETINGS,
minutes of first directors' 785–789
minutes of incorporators' meeting 775–778
proxy for incorporators' meeting 778, 799
waiver of notice of first directors' meeting 789
waiver of notice of incorporators' meeting 778, 798
waiver of notice of stockholders' meeting 799

MICHIGAN,
acknowledgment by corporation in 708
form for articles of association 645–647
form for permit for foreign corporations in 707–708
MINING COMPANY,
form for charter of (under South Dakota laws) 844–846
MINNESOTA,
acknowledgment by corporation in 709–710
form for articles of incorporation 647–648
form for permit for foreign corporation 708–709
MINUTES,
of first meeting of directors 785–789
of incorporators' meeting 775–778
of meetings authorizing bond issue 815–816
MISSISSIPPI,
acknowledgment by corporation in 710
form for charter 648–649
form for permit for foreign corporation in 710
MISSOURI,
acknowledgment by corporation in 712
form for agreement of incorporation 650
form for permit for foreign corporation in 710–712
MONTANA,
acknowledgment by corporation in 712
form for articles of incorporation 651
form for permit for foreign corporation in 712
MORTGAGE,
directors authorized to create 604, 608
securing issue of bonds 817–827

N.

NAME,
change of 742
NEBRASKA,
acknowledgment by corporation in 713
form for articles of incorporation 651–653
form for permit for foreign corporation 712–713
NEVADA,
acknowledgment by corporation in 714
form for articles of incorporation 653–654
form for permit for foreign corporation 713–714
NEW HAMPSHIRE,
acknowledgment by corporation in 714
form for articles of agreement 654
form for permit for foreign corporation 714
NEW JERSEY,
acknowledgment by corporation in 715
Auditing Co. charter complete 836–838
form for amendment of charters in 758–760

NEW JERSEY — *continued.*
form for certificate of incorporation (skeleton form) . . . 654–656
form for permit for foreign corporations in 714–715
form for voluntary dissolution of corporations in 767–771
United States Steel Corporation charter 832–836
NEW MEXICO,
acknowledgment by corporation in 719
form for articles of incorporation 656–657
form for permit for foreign corporation in 719
NEW YORK,
acknowledgment by corporation in 717
Brokerage Co. charter complete 838–840
form for amendment of charters in 760–762
form for certificate of incorporation (skeleton form) 657–658
form for permit for foreign corporation in 716–718
form for voluntary dissolution of corporations in 771–774
NORTH CAROLINA,
acknowledgment by corporation in 718, 719
form for certificate of incorporation 658–659
form for permit for foreign corporation in 718
NORTH DAKOTA,
acknowledgment by corporation in 720
form for articles of incorporation 659–660
form for permit for foreign corporation in 719
NOTICE,
annual meeting 804
meeting to amend charter 743, 744
waiver of notice of directors' meeting 789
of incorporators' meeting 778, 798

O.

OATH,
of inspectors 778
OBJECT CLAUSES. (See GENERAL OBJECT CLAUSES) 601–603
(See SPECIFIC OBJECT CLAUSES) 561–601
OFFICERS,
removal of 608
OHIO,
acknowledgment by corporation in 723
form for articles of incorporation 660
form for permit for foreign corporation in 720–723
OKLAHOMA,
form for articles of incorporation 661
OREGON,
acknowledgment by corporation in 726
form for articles of incorporation 662
form for permit for foreign corporation in 724–726
ORGANIZATION,
subscription agreement before 707–708

ORGANIZATION MEETING,
minutes of 775–778
ORGANIZING,
the corporation 861–863

P.

PAR VALUE OF SHARES,
change of 744–745
PATENT RIGHTS 601
PENNSYLVANIA,
acknowledgment by corporation in 727–728
form for notice of application for charter, etc. 662–663
form for permit for foreign corporation in 726–727
PHILIPPINES,
form for certificate of incorporation in 664–665
form for permit for foreign corporation in 728
PORTO RICO,
form for certificate of incorporation in 666
form for permit for foreign corporation in 728
POWER OF ATTORNEY, ... 806–807
PREFERRED STOCK CLAUSE,
long form 611–612
short clause 611
PRINCIPAL OFFICE,
without the State 601
PRINCIPAL PLACE OF BUSINESS,
resolution relative to change of 743
PROMOTERS,
safety clause for 606
PROPERTY,
directors empowered to sell 602
PROXY,
for annual meeting 800
for incorporators' meeting 778, 799
and waiver of notice combined 799
PUBLICATION OF NOTICE,
waiver of 799

R.

REGISTRATION OF STOCK,
form for 808–809
REGULATION OF BUSINESS,
clauses for. (See BUSINESS CLAUSES.)
REMOVAL,
of directors 608
of officers 608
RESOLUTIONS,
adopting corporate seal 785

RESOLUTIONS — *continued.*
appointing agent in charge of principal office . . 775
appointing principal place of business in domiciliary State . . 775
approving stock certificates 785
authorizing issuance of capital stock 785
authorizing issuance of capital stock in exchange for property 785, 786
changing corporate name 742
changing par value of shares 743
changing principal place of business 749, 750, 760
contraction of specific debt 803–804
decreasing capital stock 742
designating bank as depository of corporate funds . . 785, 805
election of directors 775, 788
land, holding of, in West Virginia 742
of directors taking over assets of a copartnership 828–829
of stockholders taking over assets of a copartnership . . . 828
payment of subscription for stock 787
RHODE ISLAND,
acknowledgment by corporation in 729
form for articles of association 666
form for permit for foreign corporation in 728–729

S.

SALE,
bill of 829
SIGNATURE,
corporate 831
SOUTH CAROLINA,
acknowledgment by corporation in 730
form for amendment to charters in 762
form for declaration and petition for charter, etc. . . 667–668
form for permit for foreign corporation in 729
SOUTH DAKOTA,
acknowledgment by corporation in 730
form for amendment to charters in 762, 763
form for articles of incorporation (skeleton form) . . 668–669
form for permit for foreign corporation in 730
mining charter complete 841–846
SPECIAL STOCKHOLDERS' MEETING,
waiver of notice, etc. 805
SPECIFIC OBJECT CLAUSES. (See SPECIAL INDEX, pages 561–562.)
STOCK,
authority for purchase of company's own 601–602
certificate of common 802
of preferred 803
clauses in charter for preferred 611–612
holding stock in other corporations 601
STOCKHOLDERS,
organization meeting of, minutes of 774–779
proxy for meeting of 778, 799, 800

SUBSCRIPTION,
agreement before organization 797, 798
transfer of 798
SUGGESTIONS,
relative to the preparation of charters, etc. 861–863

T.

TABLE OF ANNUAL FRANCHISE TAXES 866
TABLE OF ORGANIZATION TAXES 865
TABLE OF TAXES AND FEES,
imposed upon foreign corporations 868–869
TENNESSEE,
acknowledgment by corporation in 731
form for charter of incorporation 669–671
form for permit for foreign corporation in 730
TEXAS,
acknowledgment by corporation in 732
form for charter 671–672
form for permit for foreign corporations 731–732
TRANSFER OF SUBSCRIPTION 798
TREASURER,
bond of 830
TRUST AND INVESTMENT CO.,
charter of (under Delaware laws) 841–843
TRUST DEED,
securing issue of bonds (form for) 817–827

U.

UNDERWRITERS' AGREEMENT 809–813
UNITED STATES STEEL CORPORATION,
by-laws of 789–797
charter of 832–836
UTAH,
acknowledgment by corporation in 733
form for articles of incorporation 672–674
form for permit for foreign corporations in 733

V.

VERMONT,
acknowledgment by corporation in 735
form for articles of association 674
form for permit for foreign corporation in 734–735
VIRGINIA,
acknowledgment by corporation in 734
form for certificate of incorporation, etc. 675–676
form for permit for foreign corporation in 733–734
VOTING TRUST AGREEMENT 813–814

W.

WAIVER,
of notice of assessment 804
of first meeting of directors 709
of first meeting of incorporators 708
of general stockholders' meeting 709
of organization meeting 778, 708
of special stockholders' meeting 709
WASHINGTON,
acknowledgment by corporation in 736
form for articles of incorporation 676-677
form for permit for foreign corporation in 735-736
WEST VIRGINIA,
acknowledgment by corporation in 739
coal company, charter complete 849-850
form for certificate of incorporation 677-679
form for permit for foreign corporation in 736-739
WISCONSIN,
acknowledgment by corporation in 740
form for articles of organization 679-680
form for permit for foreign corporation in 739-740
WYOMING,
acknowledgment by corporation in 741
form for certificate of incorporation 680-681
form for permit for foreign corporation in 741

The University Press, Cambridge, U. S. A.

AA 000 729 620